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NEWS SUMMARY

GENERAL BUSINESS

Tankers Further rise in legal prices

Legal wrangle, based on the complexities of international maritime salvage law, is likely to be the subject of a series of super-tankers off the South coast.

The helicopter company, which had a skeleton crew on one of its ships after rescuing several from the burning deck, had it taken over the ship as a "detached hull".

While this does not represent a full possession—as in the case of taking over an abandoned ship—salvage law entitles the ship to a reward by the owners. Back Page

Legal changes in tactics

Mr. David Steel, Liberal MP, makes it more probable the Lib-Lab pact sustaining Callaghan's minority administration will continue until the end of the year.

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Israel plans 'free Arab' West Bank

BY DAVID BELL, WASHINGTON, Dec. 18

MR. MENAHEM BEGIN, the Israeli Prime Minister, outlined in public today for the first time Israel's proposals for restoring the key question of the future of the West Bank. The proposals include: "Autonomy and self-rule" for Palestinian Arabs living on the West Bank of the River Jordan, occupied by Israel since the 1967 war.

There are three men who would sign a joint declaration "to announce to the world the West Bank, Shalom Aleichem"—all of which mean "peace be with you."

It was right that such a momentous declaration should be signed in Washington, because Mr. Carter had contributed "so much to this process."

On the Jerusalem proposal, Mr. Begin would not be drawn on details of any possible "Vatican-type" pact.

Mr. Begin, who said that he had come "as a hopeful man" and would leave "a happy one," said that further details of the West Bank scheme, and in particular the timetable under which it might be implemented, would emerge later.

Palestinian Arabs would run their own affairs with their own elected men, and the "region" would have links, as yet unspecified, with Jordan.

Mr. Begin also insisted that Israel wanted "a peace agreement with all our neighbours," and that agreement with Mr. Sadat "could only be the beginning of a comprehensive peace."

Among the many things that are not yet clear about the proposals, the key one is the amount of authority that Israel proposes to continue to exercise on the West Bank.

Mr. Begin was not very forthcoming about this, but the U.S. has in the past cautiously suggested that in return for real peace, it might be prepared to guarantee Israel security in some way.

Asked if Israel was asking the U.S. to provide all or part of the military presence that might satisfy Israel on the West Bank, Mr. Begin said that he would never ask the U.S. for such assistance, but he made clear that Israel would welcome the proposal if it came from the U.S.

That, but one of the issues now confronting the U.S. in the present rush of events in the Middle East.

The U.S. did not endorse the Begin Plan this week-end, according to officials, partly because it has not yet consulted other Arab states, partly because it wants Egypt and Israel to reach agreement on their own, and partly because much detailed examination of the full implications of the plan remains to be undertaken.

American legal officials worked over the weekend trying to envisage how such an autonomous region as proposed might work.

The U.S. is also wary of the reaction of the other front-line Arab States, and of Saudi Arabia, all of which, in varying degrees, have so far shunned the Sadat-Begin rapprochement.

In this regard Jordan is considered the first key. The American hope is that the latest proposal, and the momentum already generated, will draw both King Hussein, in person, and the Saudis in spirit, into new talks with Israel, though perhaps in Geneva rather than Cairo.

Syria, which has taken a much harder line than either Jordan or the Saudis, is recognised here as a much more difficult problem. Another, and a main one, is the role that Russia may take.

Middle East News, Page 4 Editorial comment, Page 12

Freeze likely in world oil price

BY RICHARD JOHNS

A FREEZE in the world price of oil for at least the first six months of 1978 is expected after a former agreement between Saudi Arabia, Iran, the United Arab Emirates, Kuwait and Qatar, the last two with some misgivings, that it should not be increased at all next year. Other members of the Organisation of Petroleum Exporting Countries want the price to be increased.

On the eve of the Ministerial conference of the Organisation of Petroleum Exporting Countries here, Venezuela has reluctantly been forced to accept this fact, having sought last week to postpone the meeting to avoid such an outcome, and the inevitable frictions it will create in the producers' club.

The five Gulf producers account for nearly two thirds of total OPEC production, so that those seeking a price increase, including Iraq and Libya, have no choice but to comply, however much they may protest.

Venezuela had committed herself to a 5 to 8 per cent rise, above all, because she is host to the 50th Ministerial conference and a founding father of OPEC, she is anxious for a consensus.

Senior Valentin Hernandez, the Venezuelan Minister of Hydrocarbons, said at the week-end that he was aware of the difficulties facing the conference in trying to reach a common position. But he expressed optimism that "we will be able to agree on one proposition."

He declined to say what this was. In this connection Saudi Arabia has made what amounts to a major concession by agreeing to reimpose her production ceiling of 8.5m. barrels a day for her own main fields. The present ceiling is 10m. barrels a day, imposed last year when the kingdom, together with the UAE split over other OPEC members over price rises.

Basic to the Gulf producers' position is that at the moment the market will not bear much of a price increase. If any OPEC production was up only 3.3 per cent in the first ten months of 1977 compared with the same period in 1976, and down 10 per cent in October compared with the same month last year.

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Soviet Union to raise \$300m. loan

By Mary Campbell

IN A LOAN which marks a further cut in international lending rates, the Soviet Union's Foreign Trade Bank is raising \$300m. for seven years from a group of international banks.

Banks which participate in the loan will receive interest at a margin of three-quarters of a point above inter-bank rates. Euro-market Letter.

The last loan for a prime East European borrower, \$600m. for the International Investment Bank which was signed a week ago, is paying interest at a margin of one percentage point.

The loan is being handled by Deutsche Bank, through its Luxembourg subsidiary, and Lloyds Bank International. It will be arranged under German law.

The three-quarter point margin on this latest loan is not the lowest seen in the market recently. New Zealand is paying 1 of a point for part of the lifetime of a \$500m. loan, arrangements for which have been completed.

However, because of the contrast with the IIB loan terms, it is likely to cause other borrowers to put pressure on their banks to cut the rates they are charged.

If successful it is also likely to set the tone for the new year. Since loan demand in the industrialised countries has prompted banks to compete fiercely for international business and the margins they charged international borrowers came down sharply.

The loan is still in the early stages—the group of banks managing it has not yet been finalised—so it will be well into next year before it is completed.

Coal Board starts pit productivity studies

BY NICK GARNETT AND JOHN LLOYD

THE NATIONAL Coal Board will send study teams into its Yorkshire, South Wales and Kent areas this week to prepare for the phasing in of productivity schemes in Scottish pits.

Board officials are confident that they will meet no effective resistance. Mr. Nick McGahey, president of the Scottish area of the National Union of Mineworkers, or from his executive in spite of their formal opposition to local incentive schemes.

The executive of the Scottish area will meet today to discuss again its attitude to incentive deals.

Yesterday Mr. McGahey met miners at the Solihull colliery in central Scotland who want a local scheme and claim that seven other pits in the area want similar deals.

The Solihull miners called off their strike—which began last week in protest at the executive's stance—after Mr. McGahey said their views would be taken into account at today's meeting.

He also said that the Scottish delegates' conference would probably be recalled to discuss the situation.

Targets

The NUM's Yorkshire area executive, which is also firmly against incentive deals, is also due to meet today.

NUM branch officials in the Doncaster area, who represent some of Yorkshire's biggest collieries, voted at the week-end to continue opposition to incentive deals. A decision on whether to introduce industrial action against incentive agreements was deferred until after today's meeting.

There will be a full court gradually come in to the fold, it is apprehensive about a future confrontation in Yorkshire.

The Board has received a number of letters from branch secretaries and from rank-and-file miners asking for the scheme to be introduced.

It believes that a large majority of miners is in favour of the scheme and that with luck and patience, it will be nationally in force by early in the new year.

The Board does not, however, think Mr. Arthur Scargill, the Yorkshire miners' leader, will accept such a state of affairs without a struggle.

ACAS bid for talks in bread dispute

BY ELINOR GOODMAN AND NICK GARNETT

THE ADVISORY Conciliation and Arbitration Service will be contacted by both sides in the bread dispute today with the hope of holding exploratory talks, probably tomorrow, aimed at trying to find a solution.

The overtime ban by bakery workers in pursuit of a better pay offer started late yesterday amid warnings that prolonged industrial action could result in employers exerting pressure on the Government to help bail out the industry.

The Federation of Bakers says bread production at the bakeries affected by the ban could be cut by up to a quarter.

The Federation believes, however, that the switching of some normal confectionery work to bread production at the major bakeries, together with the smaller bakeries unaffected by the dispute, could result in production levels reaching up to 85 per cent of normal.

This could mean some shortages of cakes and buns on the shelves.

Federation said yesterday that there was absolutely no need for "panic buying" of any bakery products.

The Bakers' Food and Allied Workers' Union, which has also instituted a ban on week-end working, believes bread production will be cut by half.

Mr. Sam Maddox, the union's general secretary, has also warned of tougher action after Christmas if the offer is not improved. The employers say the offer is about 10 per cent, but the union claims it is only about 6 per cent.

Even before the latest industrial problems, there was a body of opinion within the Bakers' Federation which believed the Government should make a special case of the industry. In particular, some bakers feel the Government should act on the fundamental problem of overcapacity.

Some believe the Government should help bring about a planned reduction in both capacity and Continued on Back Page

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We take this opportunity to wish our many friends the compliments of the season and best wishes for 1978

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LOMBARD

Competition or intervention

BY COLIN JONES

THE BIGGEST mistake that could be made by the inter-departmental review of competition policy set up by Mr. Roy Hattersley would be to acquiesce in his idea of merging the Price Commission with the Monopolies Commission and the Office of Fair Trading. Such a move would not only take competition policy down the wrong road, it would set back the chances of making it really effective.

Logic may seem to be on the Prices Secretary's side when he says that the Price Commission's wider role makes prices policy and competition policy two sides of the same coin—one tackles the symptoms of inadequate competition while the other deals with the causes. In practice, however, the two are totally different. One is interventionist in nature and arises only when Ministers believe they need to be seen doing something about inflation. The other is basicist, the premise that governments should concentrate on setting the ground rules and that the best way to promote efficiency and consumer choice and to diffuse economic power is to maintain effective competition.

Mr. Hattersley would probably say that the growth in industrial concentration makes this distinction less valid. U.S. experience suggests that it is not really on to split up dominant firms. So, as a second best solution, we need to have price surveillance and efficiency audits. But it is not at all clear whether—given the growth of imports and the countervailing power of large firms as buyers—effective competition has been diminished. And if it has, then price and efficiency audits are not the answer.

Primacy

To judge prices, officials have to look at past costs and so lag behind reality and undermine profitability. Or they become embroiled in even bigger tangles trying to define a just price (as in West Germany) or to just return to the competitive market (as in the United States). Efficiency audits—on which the Price Commission is putting more emphasis—pose even greater difficulties. Even if one assumes that a Government agency is equipped to judge "efficiency", what matters is not thinking up ideas but carrying them out. This has to be done by the firm concerned or with its ready and intimate co-operation, something which no watchdog agency is, by nature, likely to muster.

The trouble is that competition policy has rarely been given primacy. Mr. Hattersley can already legalise restrictive agree-

ments be deemed to be in the "national interest." The Monopolies Commission is already required to take regional policy considerations into account. Now the Prices Secretary wants to merge competition and prices policy, and to make "industrial strategy" one of the criteria for judging mergers.

These extraneous matters should be excluded. Proving them is always difficult. Decisions are invariably based upon impressions (and the Monopolies Commission has shown itself above all else to be impressionable) or according to the fashion of the moment. It is better to implement to the full a simple, easily understood policy than to implement less vigorously one that is more complex and less certain.

Instead of spasmodic, open-ended probes into efficiency and profits, monopoly policy should be focused on the practices of dominant firms so as to prevent them from using their market power to perpetuate it unfairly—by discount policies, tying terms, predatory prices, controlling suppliers or purchasers. Likewise, a reduction in effective competition and so subject to civil action by those adversely affected (just as firms making unregistered restrictive agreements can be sued for damages).

But the prime need is to separate the investigatory and "judicial" functions in monopoly and merger investigations, by making the OFT responsible for arguing the "public interest" case before the Commission. This would make it easier to identify the issues and thus save time and provide the natural justice which is now lacking. In pre-trial settlements and consent orders. And it would put the onus clearly on Ministers answerable to Parliament to explain publicly why, in particular instances, employment, regional, or other policy considerations should be allowed to override the long-term interest of maintaining effective competition.

Justice

Competition policy needs quicker procedures as well as a sharper focus. In part this is a question of resources (the Price Commission has twice the budget of the OFT and the Monopolies Commission put together). In part the need must be met by making certain abusive practices by dominant firms illegal and subject to civil action by those adversely affected (just as firms making unregistered restrictive agreements can be sued for damages).

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THE WEEK IN THE COURTS

Grunwick case need not change the law

BY JUSTINIAN

THE ADVISORY Conciliation and Arbitration Service (ACAS) last week lost its case for recognition of the Association of Professional, Clerical and Computer Staff (APCCS) by the House of Lords. The House ruled in favour of Grunwick.

ACAS's failure to sustain its recommendation that Grunwick be recognised for the purpose of collective bargaining on behalf of all Grunwick's weekly-paid staff has been widely regarded either as some kind of perversion on the part of the Law Lords, or the misfiring of the legislation in not having given ACAS the power to override a recalcitrant employer. Neither is the case.

Section 14 of the Employment Protection Act 1975 provided that ACAS, in the course of its inquiries into a recognition issue, "shall ascertain the opinions of workers to whom the issue related by any means it thinks fit."

By that use of language Parliament contemplated and expressed with clarity, with an unambiguousness rare in modern draughtsmanship, that ACAS should obtain by any means it thinks fit a fair view of the range of opinions held among the general body of affected workers, and the relative extent to which such opinions are held. Given its clear statutory obligation, how did ACAS go about its task in the Grunwick affair?

ACAS regarded the hundred or so weekly-paid workers who had already joined APEX (most of whom had been dismissed by Grunwick for striking) as workers to whom the issue related.

They were members of APEX; they desired recognition for their union; and they presumably needed recognition, not least for the purpose of negotiating their reinstatement in their jobs and other future conditions of employment.

So far so good. The persons not belonging to APEX and who continued to work at Grunwick, even after their fellow workers had gone on strike and been dismissed—some 300 workers—were however, clearly also workers to whom the recognition issue related.

But ACAS took no steps to ascertain their opinions, for the reasons stated in paragraph 22 of its report: "We had no information as to the names and addresses, nor any other suitable means of access to the remaining workers still working in the company."

Hence ACAS did not ascertain the general state of opinion among the affected workers as a whole. Since it was an essential part of its statutory duty to do so, ACAS failed to carry out its duties, and consequently its recommendation for recognition was void.

Why did the courts (except the Lord Chief Justice) conclude that it was mandatory upon ACAS to ascertain the general state of worker-opinion? There were two compelling reasons why it was not possible to read into the section such words as "so far as reasonably practicable."

First, the use of the word "shall" could not, in this context, be directory. By an express provision in 1975, Parliament had given ACAS a wide discretion to decide what inquiries it should make, and those could cover ascertaining the opinions of workers.

Secondly, there is the fact that the succeeding words in Section 14 give ACAS an unlimited discretion as to the means by which it ascertains those opinions. The words are "by any means it thinks fit."

There is thus no room for the view that ACAS is limited as to the way in which it goes about its task. And it is unlikely to encounter insurmountable difficulties in so doing. For there are many ways of ascertaining the opinion of the workforce of the employer.

And there is the rub. Could ACAS have played its cards differently, when once it was faced by the problem of how to say obduracy, of the employer?

For those who incline to the view that the judiciary is antipathetic to trade unionism, a reading of Lord Diplock's judgment in the Grunwick case, in the light of the facts of the case, would be a salutary lesson.

On the one hand, an early report was highly desirable in the growing violence engendered by the dispute was to be quelled.

On the other hand, ACAS was confronted with the problem of how to canvass the opinions of workers still at Grunwick.

It did what it thought was right, namely to report in favour of APEX recognition without more ado and without getting the opinions of the workers still in employment. In the result that procedure miscarried. Could ACAS have acted otherwise?

The workers whom ACAS had been unable to contact had for four months run the gauntlet of picket lines. One might have inferred from that act of considerable courage that, most if not all of them, were disinterested in APEX's aim to represent the workforce in the future in collective bargaining.

If they were at all interested in any collective bargaining on their behalf they might well have chosen some other union to represent them. After all, it was APEX that had made official

the strike action taken by their former workmates.

Furthermore, it was APEX that had sanctioned the picket line (even though in a much more restrained way than in practice occurred) and had sought the assistance of the Post Office Workers' Union to make it impossible for Grunwick to continue to carry on its business, and had thus put their jobs in jeopardy.

All of this might not have endeared APEX to the workers at Grunwick, even if they were sympathetic to unionisation of Grunwick's workforce.

Supposing ACAS had drawn the not unreasonable inference that a majority of the affected workers were adverse to APEX, but nevertheless had taken the bold step of still recommending recognition?

If it had stated its reasons clearly, or even if it had not, it is difficult to see how the courts have intervened?

ACAS would have complied with provisions of Section 14; it would have ascertained the general state of opinion of the affected workers.

The legislation does not permit the courts to overrule ACAS's decision, even if it does so to ensure that ACAS goes through the proper procedural hoops in coming to its recommendation, good or bad as that recommendation may be in terms of industrial relations.

And if the employees at Grunwick complained at that recommendation, they could properly blame their employer for not having advised them to do so.

Thus the buck could have been passed to, and ended on, the desk of Mr. George Ward whose obduracy put ACAS in a position where it was being thwarted in performing its duties.

Understandably, ACAS did not think it was right to draw the adverse inference, and so it failed to take the workers' opinion into account. Thereby it fell into the trap of illegality.

Other courses. There is no time limit within which it must report. It could have deferred reporting until it had ascertained the opinions of the workers.

It could have waited until Grunwick was unwilling to provide before the questionnaire was issued by APEX.

Or it could have reported inconclusively on recognition, saying that since it was unable to ascertain the majority workers' opinion, it was unable to make any recommendation.

All this goes to show that Grunwick was (and still is) a very unusual case and that, even given future problems with intransigent employers, the present decision by the courts is a narrow one. It is not to be taken as a precedent for ACAS to copy, and that Parliament does not need to have another stab at legislating in this area of industrial relations.

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Northern tribal skills upstage matinee men

THE REGIONAL finals at the mighty Cotton Field

were very informative. The extremely unselfish in his work, and his running produced some fine secondary possession. He is a player in Beaumont's mould, and that says enough.

North was vastly superior in the back row, where Neary, Moss and Dixon were all quicker away from the scrum and loose.

Neary made some marvellous tackles and put Cooper completely out of the game early on with a real crunch. Dixon helped Young considerably by his astute plying up from the wheeled scrums, where Moss showed his inexperience. Not that the Midlands back row played badly. Far from it.

I had not seen Beck, the Midlands scrum-half before, and while his scrum-half certainly was not as quick as Young's, he showed little variety in his play. He could have eased the pressure on Cooper by running. Fly-half was need protecting, and Young coaxed Horton, Cooper had a useless day, so North backs had far more chances to show their skills. Maxwell scored a classic try from the centre around corner (Corries of all people) but himself missed. Barely glancingly.

Carleton seems to have made the switch to the left-wing with no apparent loss of effectiveness. He showed considerable skill in the centre, but a try when felled by defenders. Caplan, incidentally, had a first class game all round.

The next stage is England v the Rest on January 7. Many players are moaning about the new system, as are the clubs, but so far at least five new players have been named, and this system is certainly sorting out the talent.

For the S. & S.W. Burton, after a severe warning for foul play, settled down to play a splendid game, but both he and the Nines were handicapped by the

RUGBY

BY PETER ROBBINS

inexperience of Lockyer, the hooker. Pomphrey added to his reputation, but he is not big enough for an international second-row.

From the kick-off the afternoon match between the Midlands and the North was an obviously higher quality. North won 22-10, and there was much more bite to the play.

At first Midlands gave the North quite a run-round with some excellent driving forward play, but gradually the North's collective ballism took control, greatly helped by the arrival of the burly Roberts in place of Butler after 35 minutes.

I criticised Roberts for his lack of pace, but his arrival brought a greater efficiency to the scrum, and a considerable power to the scrum.

The engine room therefore functioned well, but they were less successful in the line-out, where Darnell was catching well. His partner, Field, had a superb game, grappling successfully against them, and again, even against

They were outginned in every

could have eased the pressure on Cooper by running. Fly-half was need protecting, and Young coaxed Horton, Cooper had a useless day, so North backs had far more chances to show their skills. Maxwell scored a classic try from the centre around corner (Corries of all people) but himself missed. Barely glancingly.

North was vastly superior in the back row, where Neary, Moss and Dixon were all quicker away from the scrum and loose.

Neary made some marvellous tackles and put Cooper completely out of the game early on with a real crunch. Dixon helped Young considerably by his astute plying up from the wheeled scrums, where Moss showed his inexperience. Not that the Midlands back row played badly. Far from it.

I had not seen Beck, the Midlands scrum-half before, and while his scrum-half certainly was not as quick as Young's, he showed little variety in his play. He could have eased the pressure on Cooper by running. Fly-half was need protecting, and Young coaxed Horton, Cooper had a useless day, so North backs had far more chances to show their skills. Maxwell scored a classic try from the centre around corner (Corries of all people) but himself missed. Barely glancingly.

Carleton seems to have made the switch to the left-wing with no apparent loss of effectiveness. He showed considerable skill in the centre, but a try when felled by defenders. Caplan, incidentally, had a first class game all round.

The next stage is England v the Rest on January 7. Many players are moaning about the new system, as are the clubs, but so far at least five new players have been named, and this system is certainly sorting out the talent.

For the S. & S.W. Burton, after a severe warning for foul play, settled down to play a splendid game, but both he and the Nines were handicapped by the

They were outginned in every

Squirrels' bravado

OVER THE Severn Bridge a department. The Newport pack had little extra in height but a great deal extra in weight, so the place as some of the minnows snapped at the big fish in the second round of the Schweppes Trophy, captain Paul Harding.

Cross Keys managed to beat Abercromby 9-7, and it took the last kick of the match for Ebbw Vale to win against Llanelli 13-9.

Abercromby went down to a narrow defeat 13-14. At the other end of the scale, Llanelli crushed Narberth 68-3.

There was no such humiliation at Newport, where the visitors from 15 miles away were given a good lesson by the home team by 30-3 (two goals, three tries, one drop goal and a penalty goal).

Rhiwbina, and supporters, were not short on bravado. In the face of opposition which contained three British Lions, two England trialists, and a Welsh international, they were also playing their first game as a team under floodlights.

But the men in black played their hearts out. Their mascot, a squirrel (Rhiwbina is Welsh for a pine-slope) and they sank their teeth eagerly into the lions game, grappling successfully against them, and again, even against

They were outginned in every

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Ascendant Watford show composure and invention

APART from some half-dozen

and could easily have secured at least one more goal. Watford's success stems from various sources. The present manager, Graham Taylor, and the genuine enthusiasm of Mr. Elton John as chairman have given them publicity, reflected glamour, and enabled them to stand on a scale beyond most clubs in the lower divisions.

Further evidence was supplied at Vicarage Road on Saturday in the F.A. Cup, where Watford, the Fourth Division leaders, played Colchester, from the Third, promoted from the Third last season, who now lie fifth.

On this showing, Watford look sure to go up this season, and should be challenging for a place in the Second Division next.

Watford were superior throughout a one-sided first half. They were more composed at the back, more inventive in midfield, and with the help of two clever wingers a tall gangling centre-forward, Jenkins, and his lively partner, Mercer, were always threatening to score.

They took the lead with a header from Jenkins, who continually won the ball in the air from a defence without sufficient height, and took up some fine positions. A half-time Colchester brought on Dyer for Leslie who was the victim of a late high tackle that, strangely, did not produce at least a booking.

Watford continued to dominate. In the 59th minute they went further ahead, after the keeper had failed to punch clear an in-swinging right-wing corner, which was as usual taken—unusually by their left-back. Mercer headed it home, but was injured and carried off.

This at last made Colchester realise that urgency and attack were required if they were not to be eliminated. For the first time they began to apply pressure, which gave them hope of reducing the deficit. However, this also left an uncertain defence even more exposed, and in the final stages, Watford created the best scoring chances

high security pocket containing a yellow card and no other effective unit. Unlike so many who gain promotion from the Third and Fourth Divisions, they do not rely mainly upon effort, a strong defence, and bravery in the face of results, because they all possess skill and ideas.

Their well-merited victory over Colchester has been rewarded with a place in the new First Division, and they will not be a push-over for their First Division opponents. Some of the resulting cash might be spent on improving amenities at their ground, which is undeniably rather archaic and their playing surface is shabby.

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Tancredi

by ANDREW PORTER

With the melodrama eroic season. Marlyn Horne played the titular hero, and was not at her best. Though there was energy and well-kept limitations in her singing, though her leaps from note were chamomile-sure, she made little of the words or of the character. Joan Carden, in her American debut, as Amundine, had a big success. The tenor, Ernesto Palacio, was overtaxed by Rossini's florid writing, as most tenors are. Nicola Rescigno conducted ably enough. John Cox produced, and he is not the man for opera seria (with the Glyndebourne *Idomeneo*). John Stoddart's plain decor missed the necessary romance. For the last scene, the libretto prescribes "a mountain chain, precipitous gorges, torrents tumbling down to form the Arethusa; Etna in the distance; the sun in the west, glowing upon the sea." Picturesque, richly scored music accompanies Tancredi's clambering across this scene. In Houston, Miss Horne walked on to a bare stage to sing "The streams' fearful clamour, the winds' grim raging mid the crags, nature's sad abandon — all increase my sorrow."

Tancredi is not a very dramatic opera — although long ago, in Florence, Simonato, Teresa Stich-Randall and Tullio Serafin made it seem one. The emotional situation, a misunderstanding about whom a letter is addressed to, remains static until at the very end, when the epistolary confusion is cleared up at last and a happy ending can result. To any experienced reader of opera seria, that familiar happy ending is almost obligatory. But Philip Gossett, the Rossini scholar who has prepared a critical edition of the score, thinks that "the tragic conclusion elevates the drama and banishes the insipid happy ending." It consists of a mourning chorus to which the mortally wounded hero is borne on, and a brief dying speech in simple, broken arioso. Some linking recitative is missing, and this Gossett has skillfully composed. "In this piece," he says, "one feels in the presence of the Gluckian ideal, adapted even in this quasi-declamatory music to the beauty of Italian melody and the simplicity of Italian harmony." It is certainly direct and audacious close to so florid an opera. Whether it is fitting or effective I feel unsure. Miss Horne dragged it. Presumably she will give it another try in two forthcoming Tancredi productions, at the Rome Opera and in Carnegie Hall in concert.

Volksbühne, Berlin

Hauptmann's The Rats

by RONALD HOLLOWAY

Hauptmann's *Die Ratten* (The Rats) is as much a political statement as a play. It is a production of the Volksbühne, Berlin, which has been the last of the naturalistic dramas. Hauptmann's *Die Ratten* (1882-1883), Hauptmann (1862-1946), and Kollwitz (1867-1945) all drew from the same inspirational source. The cartoonist Zille achieved fame with his own vision of humanity, with his own satirical, humorous portraits of the Berlin proletariat; he was equally skilled with a camera, whose photographs of the city are of historical worth. The artist Kollwitz lived in the working-class district and protested emotionally against the role of the poor in a series of expressionistic etchings, woodcuts, and lithographs; her favourite theme was "Mother and Child," the central motif of Hauptmann's *The Rats*. Zille and Kollwitz provided the guiding inspiration to the main figures of the Berlin proletarian films of the late 1920s: Paul Jütt's *Brother Krausen's Journey to Happiness* (Mutter Krausen Fahrt ins Glück), a film made in 1929 and only recently "rediscovered"

The Entertainment Guide is on Page 15

which the National Socialists tried to destroy on coming to power. Zille also makes a personal appearance at the beginning of Gerhard Lamprecht's *The Slums of Berlin* (*Die Verrufenen*) made in 1925, where his photographs actually come to life. These two films seem to be sequels to Hauptmann's *The Rats* a decade later. Rudolf Noelle's habit of confining classics in strait-jackets of his own vision of humanity subtracts little from the Hauptmann original; in fact, his patented stage-design of narrowing the side-walls from a broad open space in the foreground to a mouse-trap claustrophobia in the rear captures the atmosphere of a crowded tenement-house, and the light from doors and windows at oblique angles gravely accents the growing desperation of Frau John. This is a story of people who struggle to keep illusions alive in a work-a-day world with few alternatives: the nonpompous theatre director (Will Quadflieg in one of his best roles), the would-be mother (Cordula Frank in a series of scenes), the discovered, the bullshut band, (Günter Lamprecht) who returns home from Hamburg to try his hand at construction for a while, and the dull-witted brother Bruno (Gottfried John) whose fumbling attempt to help

The Importance of Being Earnest

by B. A. YOUNG

Importance is an indecomposable. Have several things about this production. Taniel Evans (who also plays two manservants Lane and Merriman, turning from one to the other by adding a grey wig and a music-hall burr), but the time up as fresh as ever, laughed almost without pause we had got going. Only because the play is so very best. None of came near to stopping me from enjoying myself. Commem, my dear Oscar might have been neither of you. The Actors are a pretty young company, and they seem to be taking Wilde's great wit seriously. Martin Algernon wears a crown in London and a crown in the country, and most unaccountably Worthington is as over-dressed as a king to say that "he but looks every more-over he serves his tea on the tea-tray, the sugar-bowl, the rest of the paraphernalia of a curious accident."

Worthington, John Harding rather better, though unpardonable brown in his town clothes; he is impeccable in his evening. Perhaps as a dandy, he strikes me as a little too late. The little the secret man who with a flat in



Rosie Kerlake, Ann Firbank and John Harding

Theatre Royal, Glasgow

Die Meistersinger von Nürnberg

by MAX LOPPERT



Norman Bailey as Hans Sachs

Much like the opera itself, a good production of Wagner's great and glorious comedy will reconcile wise traditions and fresh ideas. The Scottish Opera production, year old and revived at Glasgow last week, is excellent. It is traditional in the sense that no heavy-breathing Producer's Concept, no modish Designer's Vision is interposed between Wagner and his audience, and fresh in the way a stream of sharp intelligent ideas is drawn from the confidence of words and music.

David Pountney's staging is brimful with warmly perceived real people. Because the producer designer (Maria Björnson) and the whole company have expended palpable love and care on imagining and then achieving a community in which every inhabitant has an identity, the result is an unusually endearing and so-called picture of a town. This is a story of people often very funny (as *Meistersingers* go, Mr. Pountney's is notably but never intrusively comic), the spirit always admirably humane. During Saturday's performance, things went wrong with the lighting, but tended to topple off and Norman Bailey had a memory lapse in "Euch macht ihr's leicht"; yet nothing could interrupt the sway, could dim the glow.

Mishap apart (and the singer recovered from it with remarkable speed), Mr. Bailey's Sachs is as masterly as ever. As he ages in the role, as the voice becomes darker, heavier, and less beautiful (most of Act 1 was coloured in a covered, cup tone), a new weight of melancholy seems to be settling upon his playing and singing — the phrases of the *Wahnwimmels*, even the lighter exchanges with Eva in Act 2, suggested brooding loneliness, as well as genial authority. It is now a complex, thought-provoking portrayal acutely judged so as never to disturb the overall balance of good spirits. He and Thomas Hemsley as a Beckmesser now almost too sympathetic (his final humiliation sad and painful as well as hilarious), are the familiar elements judiciously accommodated by Mr. Pountney. Allen Cathcart also repeats his Walther: knightly of bearing (if hardly "wie Meister Durer gemalt"), not always con-



Book review

King of the Strings

Segovia: an autobiography of the years 1893-1929 by Andres Segovia, translated by W. R. O'Brien. Marion Boyars, £8.95, 207 pages, illustrated.

"My kingdom for a repertoire!" sighed the future king of classical guitarists after a successful recital in the Palace of Music at Barcelona. The event proved what few apart from Segovia himself then believed, that the Spanish public would come to hear a solo guitar in a hall associated with classical music, and that the instrument would be audible in so large a space.

The story as so far written ends in 1929, with the author (still playing, half a century and more later) on the verge of crossing the ocean to conquer new fields in Latin America. By then he had more or less established the guitar in his native Spain — established it, that is to say, as a vehicle for serious as opposed to popular music. Torroba, a respectable minor composer, had produced a work specially for him. But one Torroba does not make a summer, and though more eminent composers have subsequently written for Segovia and his followers, the prayer for a repertoire has not been substantially answered.

Segovia disclaims literary ability, but he can make people vivid — Miguel Llobet, one of his few predecessors as a "serious" player, is one of them, the cellist Gaspar Cassadó is another.

The old-fashioned atmosphere is rather pleasantly reinforced by the numerous line-drawings. The translation is American-English.

RONALD CRICHTON

Players

King Charming

The little Players' Theatre in Villiers Street offers the only genuinely adult pantomime of the season, and I don't mean by that a script full of nudes and dirty jokes. *King Charming* is based on J. R. Planché's work dating from 1850, when it was aimed at audiences that could recognise literary allusion when they heard one and were able to understand why some people might think it funny that good fairies always beat bad fairies in spite of the odds against them.

As we see it this year, adapted by Gordon Snell and directed by Reginald Wootley, *King Charming* is an almost basic fairy-story. *King Charming* — perhaps he was once Prince Charming, but immortal personages can't remain heirs apparent for ever — is in love with lovely Princess Florina, whose wicked stepmother Tyrana would rather he married her own daughter (Troutina, Troutina's fairy lark as Tyrana, his some very high notes most tunefully, into a blue bird of paradise for a term of seven years; but Florina's godmother Azurine not only turns him back again but contrives that with the aid of a basket of magic eggs the proper misalliance shall be short-circuited and the original intention fulfilled. As Azurine's remarks, "It's no good fighting a good fairy. They always win — these stories never vary."

Rhyming couplets are a strong feature, replete with some appalling endings. Florina, contemplating potently defeated love affair, muses in triplets, rhymes: "I would not live to be of Cupid thought a butt, but fling myself at once into the water-butt." The strongest feature is the music, though selected by Peter Greenwell and the director from the grand opera of the 18th and 19th centuries and enchantingly sung by the company without a hint of a microphone. The sextet that leads to the happy ending is not only tunefully performed; it is so graduated that each participant is suitably

The allusive music is paralleled by allusive words. Lines from *Romeo and Juliet*, *Macbeth*, *Hamlet*, *Othello* turn up (distorted if necessary) as the situation suggests them. No doubt in 1850 audiences could be expected to know the references at once. I detected no allusions in the scenery of Mary Gleaves: it is basic fairy-tale architecture, and the ingenuity with which one scene follows another on that tiny stage never ceases to astonish me.

On the whole, I would say that this year's script is slightly below the usual high standard; but in compensation I think the singing is rather better. Jenny Full, as King Charming, does not sing very well, as it happens, but she has other charms more applicable to principal boys. Eleanor McCready, waddling about the stage like a heavy lark as Tyrana, has some very high notes most tunefully, but she has other charms more applicable to principal girls. Eleanor McCready, waddling about the stage like a heavy lark as Tyrana, has some very high notes most tunefully, but she has other charms more applicable to principal girls. Eleanor McCready, waddling about the stage like a heavy lark as Tyrana, has some very high notes most tunefully, but she has other charms more applicable to principal girls.

The Players' Theatre is a club, of which the club is a club. One should go and request membership, and so open the way to splendid entertainment, where drinks may be bought at a bar in the auditorium and taken to one's seat. Long may it prosper, and to hell with the London, Chatham and Dover Railway, which rumbles inexorably overhead.

B. A. YOUNG

The Campiello Band

The Campiello group is not, as I had supposed, a little canny; rather it is, but not nominally — it is simply a musical remnant of the National Theatre production of Goldoni's *Il Campiello* (The Square). They are square, too, that being part of the joke, this is a weird little ensemble originally collected by Michael Nyman to make a racy band noises for the Goldoni; rebuses, banjo, saxophones and chawms, and curials, upright to be part of the joke. The group is bound to croak again

time. We had Nyman's Goldoni music, so exorcising arrangement of the "Miserere" from *Tristano* (their repertoire includes several such items) and two plonking pieces of "systems (The Square). They are square, too, that being part of the joke, this is a weird little ensemble originally collected by Michael Nyman to make a racy band noises for the Goldoni; rebuses, banjo, saxophones and chawms, and curials, upright to be part of the joke. The group is bound to croak again

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OVERSEAS NEWS

Mortar fire from Zambia injures 8 at Victoria Falls

SALISBURY, Dec. 18.

EIGHT PEOPLE were wounded, one seriously, when mortars fired from Zambia hit Rhodesia's Victoria Falls Hotel on the country's north-west border, a military communiqué said today.

The military said the mortar attack lasted 25 minutes before being silenced by retaliatory fire from Rhodesian forces. One black civilian was seriously hurt and five blacks and two whites slightly wounded.

It was the second attack in two months on hotels in the popular tourist area around the Victoria Falls, which lies on Rhodesia's border with Zambia. Early in November, a rocket set fire to the Elephant Hills Country Club, causing damage estimated at over \$1m.

The Rhodesian military said the previous attack also came from Zambia, but black nationalists fighting to overthrow the white minority government said that it was launched from within Rhodesia.

Tony Hawkins adds: Some of last week's optimism and even euphoria about the Rhodesian constitutional talks has abated as delegates have come to grips with the critical constitutional issues. A week ago some Rhodesian officials were talking on broad principles, or at the latest by Christmas, but this mood of optimism has evaporated increasingly as the talks have got down to the detailed issue of white minority safeguards.

The state of play at the moment is that reasonable agreement has been reached on a justifiable bill of rights and on independence for the judiciary, but the talks have bogged down on how to secure the other lengthy list of safeguards being demanded by the Rhodesian Government.

Mr. Smith is asking for safeguards in respect of jobs, pensions and property for whites as

well as suggesting that they be allowed dual citizenship (with the U.K. or South Africa or indeed other countries with which they might have ties).

It is not so much that the nationalists are opposed to these safeguards—though clearly they do dislike some or most of them—but they cannot swallow the Rhodesian leader's formula.

Michael Holman writes from Lusaka: As talks between Mr. Smith and internally-based nationalist leaders enter their third week, members of the group of five front-line states and the guerrilla-backed Patriotic Front gathered in the Mozambique port of Beira today, apparently to co-ordinate strategy and resolve differences of opinion.

The meeting follows discussions between the Angolan President, Dr. Agostinho Neto, and the Zambian President, Kenneth Kaunda, in Lusaka on Saturday.

Hussein in Riyadh at start of more talks

By Our Foreign Staff

KING HUSSEIN of Jordan arrived yesterday in Riyadh for talks with King Khalid of Saudi Arabia. The two kings were expected to review both the current talks between Egypt and Israel in Cairo, and the chances of restoring Arab unity, in particular relations between Cairo and Damascus, following President Sadat's visit to Jerusalem and subsequent developments.

Jordan has been in both a vulnerable and influential position since these events. On the one hand, it could gain much from an Israeli offer to withdraw from the occupied West Bank. On the other, to go further than to express heavily reserved support for Mr. Sadat's initiatives would imperil Jordan's alliance with Syria.

Steel, textiles to exercise EEC ministers meetings

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 18.

RENEWAL OF THE GATT multi-fibre arrangements, EEC steel policy and changes to Britain's exchange control regulations are among the main points up for discussion and decisions at Ministerial meetings to be held in Brussels early next week.

Both EEC foreign and finance Ministers are due to meet here tomorrow to tidy up outstanding business before the Community's Christmas break. On Tuesday, transport Ministers will also open two days of year-end talks.

The foreign Ministers will review the results of the negotiations on limiting textile imports which the European Commission recently concluded with the EEC's main textile supplier countries and will decide whether

they justify renewing the multi-fibre arrangements when they expire at the end of this year.

The Commission has initiated agreements in principle with some 18 countries including Hong Kong, the Community's biggest supplier. But its restrictive mandate prevented it from reaching accords with India, Pakistan, Brazil and Egypt, and foreign Ministers will be asked to accept the Commission's estimates of the minimum terms on which arm agreements can be concluded with these countries.

A lively debate is likely to follow the presentation by Vice-count Etienne Davignon, the EEC industry commissioner, of the commission's proposals for the steel industry. These call for a 10 per cent to 15 per cent

increase in EEC guideline prices for community steel products next year but envisage no external price protection measures.

Mr. Denis Healey the British Chancellor of the Exchequer, is expected to sound out his fellow finance Ministers discreetly on the degree of relaxation which they expect Britain to introduce in its exchange control mechanisms next year.

In theory, Britain is required by its EEC membership treaty to dismantle controls on capital flows to the rest of the Community by the start of next year. But in the absence of any strong pressure from other Governments, it is expected that the changes—to be decided by the Commission within the next few days—will be relatively minor.

Removal of Poland's vice-premier approved

By Christopher Bobinski

WARSAW, Dec. 18. The Polish Government has approved by the Polish Parliament meeting here at a week-end effect foreign trade and agriculture, two crucial to solving Poland's present economic difficulties.

Mr. Piotr Jaruzelski, Polish Prime Minister, has Parliament to remove the Premier, Mr. K. Oleśkiński, was in overall charge of foreign trade, but it was not clear who will take over.

K. Oleśkiński was Polish Communist representative in 1975 till this year and chairman of the Polish Joint Trade Commission, experience in trade with the Soviet Union.

Comcon would raise speculation that the "stable post" in the diplomatic service, which Jaruzelski mentioned he will take over, would be that of Polish Ambassador in Moscow.

K. Jaruzelski, the Agriculture Minister, who is the "stable post" in the diplomatic service, which Jaruzelski mentioned he will take over, would be that of Polish Ambassador in Moscow.

Ethiopian stronghold captured

BEIRUT, Dec. 18.

AN ERITREAN guerrilla spokesman said today that rebel forces had captured the Ethiopian stronghold of Adi Caleh, reducing to four the number of major Ethiopian garrisons in the strategic Red Sea province of Eritrea.

The spokesman quoted a dispatch from the military headquarters of the Eritrean Liberation Front (ELF) as saying that Adi Caleh, south of the Eritrean capital of Asmara, had fallen last Tuesday after a one-week offensive.

"Our forces killed 600 enemy troops," the spokesman said. "The number of Ethiopian wounded is estimated at 900. Two Ethiopian tanks were destroyed in the fighting."

Earlier today, the leader of the ELF, Mr. Ahmed Nasir, made a similar report of fighting and casualties in an interview with a Khartoum newspaper. Mr. Nasir mentioned Adi Caleh but did not say it had been captured.

If the fall of Adi Caleh is confirmed, it will leave in Government hands only Asmara, Massawa, the town of Barentu, currently under siege, and the port of Assab, further south, which is Addis Ababa's major outlet to the Red Sea.

Gandhi hits at party

BY K. K. SHARMA

NEW DELHI, Dec. 18.

MRS. INDIRA Gandhi today finally took the first open step to split the Congress Party by resigning from its working committee (executive) after attacking the party's president, Mr. Brahmananda Reddy, by saying he and the present leaders were incapable of "letting the Congress play its legitimate role in national affairs."

She said this in a letter handed over to Mr. Reddy today by one of her supporters and it is now widely thought that Mrs. Gandhi will attempt to gain control of the existing organisation by trying to oust the present leader.

Significantly, she has said in her letter that she will remain an ordinary member of the Congress and this means her first battle will be waged within the Congress.

The implication is that Mrs. Gandhi considers herself and her supporters to be the real Congress, ostensibly to give the country proper direction. She said in her letter that "our country seems to be losing direction with regard to policy as well as implementation," thereby harping on an attack on the ruling Janata party.

Mrs. Gandhi's decision to resign from the working committee comes after a number of moves by her to reinstate herself politically over the past few months.

Fraser to unveil cabinet

BY KENNETH RANDALL

CANBERRA, Dec. 18.

MR. MALCOLM FRASER, the Prime Minister, is planning to announce the membership of his new Government tomorrow afternoon after the first meeting of the Liberal and National Country parties since their decisive election victory on December 10.

Each of the coalition parties will meet separately to consider the positions of leader and deputy leader. A joint meeting will follow at which Mr. Fraser plans to announce the arrangements for re-forming the coalition and the allocation of portfolios in his Ministry.

Several important changes are expected in the Ministry, including a reduction in its size, possibly by three, with the dropping of one NCP Minister and two Liberals.

Mr. Fraser has also been considering the creation of a new senior portfolio covering Energy, Resources and Industry (combining the present posts of National Resources and Industry and Commercial). But there has been no firm indication whether he will go ahead with the idea.

The rally followed consultations between President Assad and Mr. Yasser Arafat, the leader of the Palestine Liberation Organisation, and a session of the National Progressive Front.

This coalition of Syria's political parties, which is completely dominated by the dominant Ba'ath Party, is summoned to meet when important policy moves are to be explained.

Observers saw this meeting as possibly leading to an even harder Syrian line against President Sadat's move.

Respite for Italy's Government from unions and opposition

BY PAUL BETTS

ROME, Dec. 18.

ITALY'S main opposition parties, including the communists, and the trade unions postponed this weekend a head on confrontation with the 17-month-old minority Christian Democratic administration of Signor Giulio Andreotti thus earning a respite for the hard pressed Government.

Although the trade unions confirmed yesterday their intention to call a general strike against the Government's revised 1978 budget, they indicated that a final decision would be taken on January 5. The union leader also said that should the Government revise its current plans, they would be ready to reconsider their decision over a general strike.

After rejecting the Government's economic proposals following a meeting on Friday with

the Prime Minister, the main opposition parties—which are keeping the Andreotti administration in office through the so-called "inter party accord"—indicated this weekend that they were prepared to continue their dialogue with the Government at least over the next few weeks.

In the last 48 hours however the opposition parties particularly the communists, have openly expressed their growing dissatisfaction with the present inter-party agreement and are demanding the creation of an emergency government which would bring the communists closer to the centre of political power.

But both the opposition parties and the trade unions are showing a marked unwillingness to be blamed for precipitating a government crisis.

As for Sign. Andreotti, in a speech in Reggio Emilia yesterday he stressed that neither "high political manoeuvre" nor "a general strike" would solve the country's problems.

The inter-party agreement given the country a relative degree of political stability and restored the country's international credibility, he said. This year, in effect, Italy's balance of payments is expected to show a surplus of more than \$1,500m. or about \$150m.

The prime minister also said that his government's revised 1978 budget was an "open document" and called on the opposition parties and the trade unions to put forward alternative concrete proposals.

Portugal's crisis still unsolved

BY DIANA SMITH

LISBON, Dec. 18.

WITH FIVE working days to go until Christmas Portugal's Government crisis is still unsolved. This weekend President Eanes has been seeing leaders of the four main parties—Socialists, Social Democrats, Christian Democrats and Communists—trying to spur them on to a common platform that would grant a new government a solid parliamentary basis.

Although all parties now seem to agree that a platform is necessary, they have not yet been able to swallow their many differences. The Socialists should be called on to form a second constitutional government to replace the defeated

team that fell on a motion of confidence on December 8, would still like the Cabinet restricted to their own party members plus a smattering of "independents". They now appear more flexible about the nature of these "independents" who could be people approved of by the Social or Christian Democrats, than they were earlier. But will still not countenance a coalition.

Negotiations with the IMF on urgent standby and medium term credits must meanwhile remain pending until a new Government is appointed. The 1978 budget has had to be shelved temporarily for the same reason. The total foreign

debt now exceeds 25 per cent of the GDP and, although industry has picked up in several sectors this year, agriculture is in a deep depression, forcing ever heavier imports of essentials.

Figures published at the weekend reveal that Portugal, traditionally a substantial producer and exporter of olive oil, has had its worst olive crop in living memory, producing a mere 30m. litres of oil compared with 72m. litres in 1970. Dried salt cod, milk and beef now export more live imports instead of cheap national staples. Queues for groceries are becoming a commonplace in Lisbon.

Marcos triumph in referendum

By Miguel Suarez

MANILA, Dec. 18. PRESIDENT Ferdinand Marcos appeared headed today for his sixth referendum victory since declaring martial law in 1972, with initial results of yesterday's national consultation on his continuance in the office showing more than a 90 per cent majority in his favour.

More than 27m. Filipinos were asked in the polling if they wanted Mr. Marcos in power for the past 12 years, five of them under one-man rule—to continue both as President and Prime Minister even after the organisation by the middle of 1978 of an interim national assembly.

According to near-complete returns from the Manila area released by the Commission on Elections (Comelec) this evening, 90 per cent of the capital's more than 3m. voters gave Mr. Marcos the nod, while 7 per cent voted "no." The rest abstained.

Iranian death sentence upheld

By Andrew Whitely

TEHRAN, Dec. 18. AFTER A three-hour session in Tehran this morning the Military Appeals Court upheld the death sentence passed on a senior Iranian army officer, Major-Gen. Ahmad Moqarebi, accused of spying for an unnamed country.

His last chance now is to appeal directly to the Shah.

Gen. Moqarebi, a slight-faced man of 56, admitted that he had passed on information to a foreign embassy in Tehran.

Appealing for clemency, he claimed that little of value was disclosed. The defence counsel argued that Moqarebi had been blackmailed by a man calling himself Albert, and had only co-operated out of fear.

The appeal was heard by a five-man panel of generals, headed by Lieut-General Hossein Rastegar Namdar. As the prosecuting counsel was also a two-star general, Moqarebi must have known them all. But he gave no sign of recognition.

Violence breaks out in Pakistan

By Simon Henderson

ISLAMABAD, Dec. 18. IN AN UPSURGE of political violence in Pakistan, supporters of the deposed Prime Minister, Mr. Zulfikar Ali Bhutto, have clashed with police in both Rawalpindi and Karachi.

In addition, in Lahore, Mr. Bhutto's daughter, Benazir, has been put under house arrest until December 25 for making inflammatory speeches. The violence in Rawalpindi, a town about 12 miles from here, started after 90 women who had been playing at a shrine formed a procession and started shouting slogans calling for Mr. Bhutto's release. Two buses were burnt and cars damaged before police using both baton charges and tear gas completely restored order. In Karachi police clashed with a couple of hundred Bhutto supporters.

Both outbreaks appear to be part of a campaign led by Mr. Bhutto's wife, the Begum Nusrat Bhutto, to put pressure on the authorities to release her husband and hold elections.

Kypriano son is released

By Our Own Correspondent

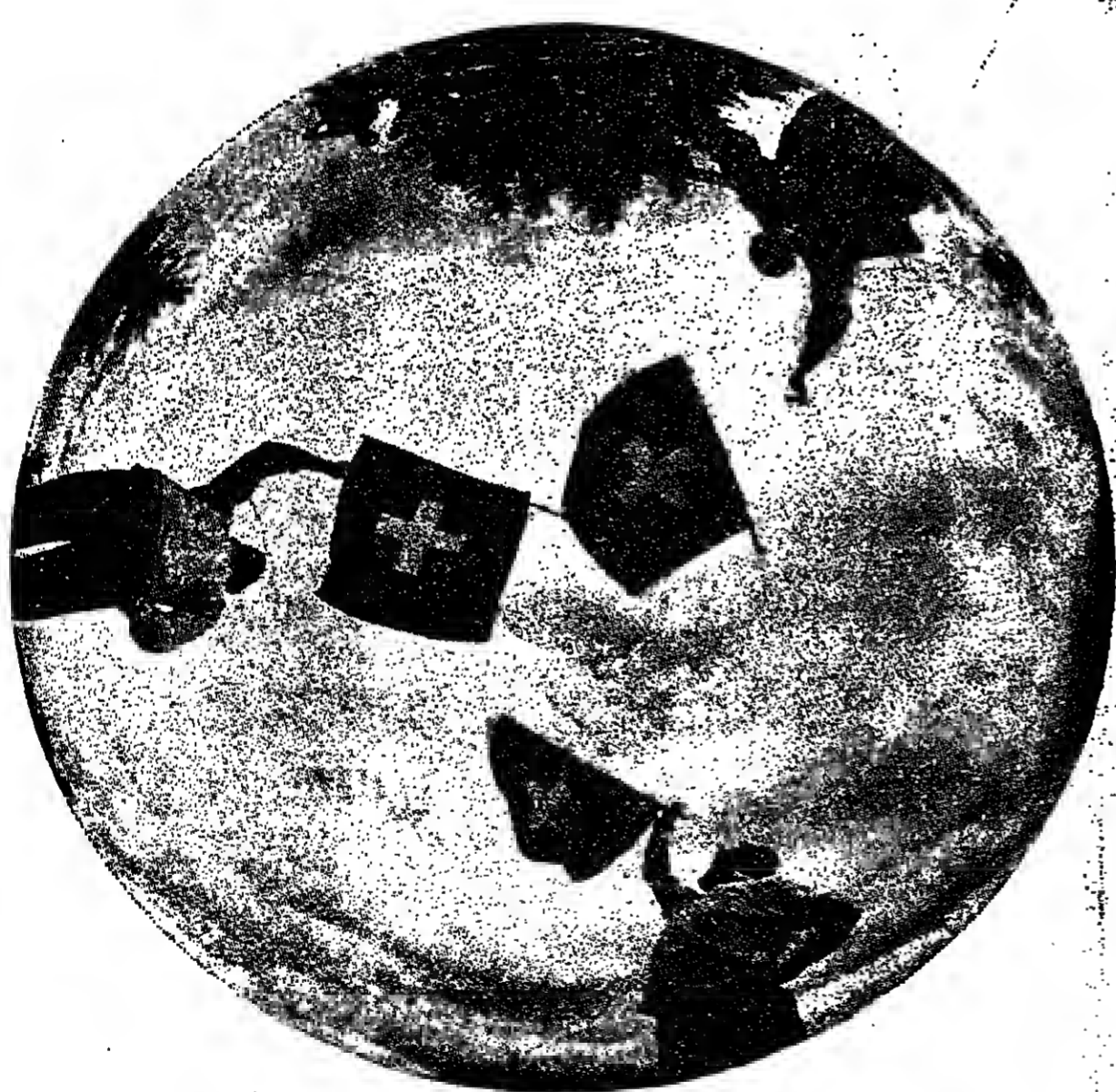
NICOSIA, Dec. 18. The eldest son of the Cypriot leader, returned home to welcome to-day after three days as hostage.

EOKA-B underground movement, Achilles, a 2nd-Lieutenant in the Cypriot force of the N.G. Guard, was released early this morning by hoppers who had at one threatened to kill him if their demands for a amnesty of political prisoners were not met.

President Spyros Kyprianou personally conducted negotiations for his release through internet announced that he had given "the kidnapers" are believed to number He said no action was taken against them if "offence" and they either to stay in Cyprus or leave the country. The safe conduct.

But he had firmly refused their original demand for release from prison of 20 convicted or detainees of EOKA-B, and next for a couple more police wanted list.

The whole affair is widely being seen as a test of the President Kyprianou's Greek Cypriots.



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WestLB International

Financial Highlights as per September 30, 1977

WestLB International S.A.
47, Boulevard Royal
P.O. Box 420
Luxembourg
Telephone: 45493
Affiliate of
Westdeutsche
Landesbank
Girozentrale,
Düsseldorf/Münster

	In million US\$
Balance Sheet Total	2.439
Amounts due from banks	630
Loans and advances to customers	1.341
Advances to non-banking finance establishments	192
Securities	220
Amounts due to banks	2.134
Current deposits and other accounts	137
Share capital fully paid	42
Reserves	25
Profit	17

BY GEOFFREY OWEN

established employers such as Burlington Industries and Digital Equipment Corporation. Manufacturing employment in Ireland had risen by 5 per cent. this



Mr. D. O'Malley

year, where as most other European countries had shown static or declining figures.

Most of the new investors had

agribusiness with an Egyptian concern, Soman Ahmed Osman.

The venture would involve an investment of \$40m. and would mean that Pepsico was the third large U.S. company to enter into such a venture.

Bank Misr co

BY ANTHONY McDERMOTT

BANK MISR, Egypt's largest commercial bank, has signed a \$7m. contract with Knight Weggstein, the European arm of Lester B. Knight Associates international management consultants, for the computerisation of its services. This should put it ahead of other local Egyptian banks in efficiency and equip it for coping with the government's current policy of encouraging foreign companies and banks to operate and invest in Egypt.

The contract, which is financed out of the bank's resources, is based on an 18-month study of Bank Misr's existing services. At present it has some 180 branches in Egypt and employs about 10,000 people. It has about 15m. accounts, and expects to double this by 1980.

The study showed that the current methods of accounting, where every transaction is re-

BY STEWART FLEMING

BY DAVID CURRY

THE FRENCH GOVERNMENT has to make the difficult choice of whether to turn to the private company Dassault-Breguet or the state-owned Aerospatiale for aircraft to patrol the new 200-mile maritime zone.

BY DAVID CURRY

PARIS, Dec. 18.

it could offer an aircraft which would be up to 32 per cent. French-made.

Aerospatiale, still chronically short of work in its aircraft division, despite the improving prospects for the Airbus, wants to re-open production of the twin-turbo prop Nord 262. It says that this choice would give the Government a 100 per cent. share in the aircraft, would provide work in Toulouse, and give the 262 a new chance to seek export orders.

In some senses, the competition is a false one, since Dassault sub-contracts heavily to Aerospatiale for all its programmes. Of existing versions, the Falcon 20, the state-owned concern has done more than 50 per cent. of the work.

This interdependence has not stopped the companies from waging a vigorous statistical war. Aerospatiale says it would save 3,000 jobs and Frs.120m. in unemployment pay by re-opening the 262 production line. It puts the cost of tooling up Frs.300m. The Dassaults say the 262 is fully-equipped aircraft. It argues

that the Dassault aircraft is 1.6 times as high and that the two foreign competitors are 1.4 times more expensive, than the 262.

The Guardian costs around \$6m. fully equipped on a production run of between 60 and 100 aircraft which the company estimates is only 20 per cent. more expensive than the 262. It does not contest that the 262 is 40 per cent. more economical on maintenance, but out that the 262 could not be available within two years.

The Fokker F27, costing around Frs.25m. fully equipped, could double as a training and transport aircraft. Its manufacturers have offered substantial French participation, including construction of the fuselage.

The Hawker Siddley 748 is even more of an outside chance with its strong points being its low cost, carry out missions of 12 hours' duration, and the efficiency of its electronics.

The French Government intends to define its needs in the first half of 1978, so that credits for the next military aircraft can be made available. The figure is in the region of

BY ANTHONY McDERMOTT

BANK MISR, Egypt's largest commercial bank, has signed a \$7m. contract with Knight Weggstein, the European arm of Lester B. Knight Associates international management consultants, to study and reorganize its services. This should put it ahead of other local Egyptian banks in efficiency and equip it for coping with the government's Bank Restructuring Program, which requires foreign companies and banks to operate and invest in Egypt.

The contract, which is financed out of the bank's resources, is based on an 18-month study of Bank Misr's existing services. At present, has some 180 branches in Egypt and employs about 10,000 people. It has about 15m. accounts, and expects to double this by 1980.

The study showed that the current methods of accounting, where every transaction is re-

corded by hand-written entry, was inefficient but desperately slow. But it also concluded that it could easily be adapted to computerization. The contract, which is being set up as a computer programme for which tenders will be issued "very shortly" according to Bank Misr officials, is for an initial period of three years, during which the main branches of the bank will be serviced.

The pressure on the bank to become more efficient has come also from government economic officials. One of the aims of the foreign banks to establish themselves in Egypt has been to show up the comparative inefficiency of the local banks. Bank Misr believes that once the initial study is completed, and this involves an extensive programme of staff retraining, it will be able to compete on equal

RETAIL PRICE INDEX

	Nov. '77	Oct. '77	Sept. '77	Nov. '76	% Change over earlier	Index base year=100
U.K.	187.4	184.1	185.7	181.9	+1.1	1970=100
Germany	145.0	144.3	144.5	140.0*	+3.6	1970=100
Italy	124.1	122.3	121.0	116.1	+17.0	1976=100
W. Holland	185.4	185.0	184.2	175.8	+5.5	1949=100
	Oct. '77	Sept. '77	Aug. '77	Oct. '76		
France	188.2	184.7	185.1	171.8	+9.5	1970=100
U.S.	184.5	184.0	182.3	173.3	+6.5	1947=100
	Sept. '77	Aug. '77	July '77	Sept. '76		
Belgium	124.85	123.18	122.79	116.46	+6.5	1975=100
	July '77	June '77	May '77	July '76		
Japan	118.1	118.4	119.0	108.8	+8.5	1975=100

Contracts

● Olivetti Typewriter has signed an agreement to supply about 1,000 electronic and manual typewriters and accessories for the 1980 Olympic Games in Moscow.

● The Taiwan Telephone Authority has placed an order worth over \$350,000 for modems manufactured by Rascal-Milgo as the largest single purchase of such equipment ever made by 'TA'.

By Rhys David

A **FLOOM ORDER** for cloth—believed to be the largest export order ever secured by the Yorkshire wool textile industry—has been won by Allied Textile, the Huddersfield-based group, from Israel.

The order, which is for more than 2m. yards of worsted cloth, is due to be delivered over the next 18 months, and is for military cloth, for armed services uniforms, and civilian cloth for sale through tailoring outlets.

The order was won by Allied's Hartley division at Bingley in West Yorkshire, which specialises in uniform cloth, and because of its share of the order will be placed with other mills. Yarn for the cloth, which will be both wool and wool-polyester is being supplied by Haggas, the Keighley spinners. The company has restricted its spinning operations to full capacity to meet demand for the new War of the Wools. The managing director of Allied said that the order, which has been won against strong competition from France, Italy and Far Eastern suppliers, could bring in further business later. The order would also take the company towards its objective of increasing export sales to 50 per cent. of total turnover.

AN AGREEMENT for the supply of \$100m. worth of Mexican oil to Israel during 1978 was concluded during the recent visit to Mexico of the Israeli Prime Minister, Menachem Begin, Ephraim Katzir, I. Daniel reports from Tel Aviv.

Disclosing this bare, the President added cryptically: "I cannot say, except that it is for favour". One of such favours may be Israeli technical assistance to Mexico in setting up a cooperation assembly at Durruthy Valley, another sector of activity, monitored by the Ministry of Agriculture, in agricultural planning.

The contract for Mexican oil does not constitute a new departure since Israel has been receiving oil from Mexico some time, but it represents an increase in the quantity to be supplied to roughly 25 per cent of Israel's annual require-

Charging that imports of cotton work gloves from China are disrupting the U.S. market, U.S. glove-makers have asked the International Trade Commission to investigate and recommend import quotas, APJ-D reports from Washington.

The U.S. trade group said China currently accounts for 20 to 30% to 30 per cent of U.S. imported cotton work gloves. Total imports last year amounted to about \$8.6m., but imports in the first eight months of 1977 have been credited that figure.


The U.S. trade group also complained to the ITC that Chinese imports have "shot ahead" of imports from Japan, South Korea, the Philippines, Taiwan and other countries because of China's price-cutting.

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Hotels



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National Savings attract £124m.

Well down

Gross receipts in the special investment department were almost double those of the same period last year, £329.5m., and were well up on the £317.7m. received in the five weeks to the end of October.

But again, withdrawals left the net receipts for November at £19.5m. less than the £39.8m. total for October at £19.5m. This still represented a dramatic turnaround from the £2m. withdrawals seen in the corresponding period last year.

Savings Certificates provided the next single net contribution of £32.9m. (£47.3m. in the preceding five weeks, and £15m. in the corresponding period last year).

The total invested in National Savings increased £172.9m. to £1,515m. in November, including £81.5m. net accrued interest.

Bank rate 'forced up by money crisis'

By Michael Blanden

GROSSLY excessive growth in the narrow measure of the money supply (M1), as well as acceleration in the wider version (M3), provided the justification for the sharp increase in the Bank of England's minimum lending rate last month, stockbrokers W. Greenwell say today in their monetary bulletin.

Some people felt the rise, from 5 to 7 per cent, was unnecessary at a time of high unemployment. But "the objective is to establish the conditions for a recovery and a lower level of unemployment in due course."

If practical monetary needed a slogan it could be that "swallowing medicine early avoids nastier medicine later."

The question that the growth of M1 at a rate of more than 28 per cent, a year in the seven months between mid-March and mid-October was "grossly excessive."

This was important because M1 was watched closely in the U.S. and because there was some evidence that it was a leading indicator of sterling M3, the figure which was the subject of the official monetary targets.

But the Bank of England reflected the level of money interest rates, its growth was a very clear indication that rates on bank deposits were too low.

The behaviour of sterling M3 confirmed the view, growing by 14 per cent in the first half of the fiscal year, above the top end of the target range of 9 to 13 per cent for the year. This was worrying for two reasons.

First, the target range had fallen rapidly there was a strong argument for reducing the upper limit of the target range to prevent inflation from rebounding.

Second, the published data for the first half of the fiscal yearwards because of the flow of funds into the building societies attracted by higher interest rates.

Bankers seek tax cuts and easing of controls

A PROGRESSIVE relaxation of exchange controls and measures to ease the burden on banks in the U.K. are proposed by the British Bankers' Association in its evidence to the Wilson Committee on the financial institutions.

These moves, says the association, would help to ensure the continued strength of London's position as an international financial centre.

The association, which with 314 members represents almost every recognised bank in the U.K., British and foreign, concentrates in its evidence on the City's international role.

The activities of the banks were closely interwoven with the economy of the island and generated "significant national benefits".

They supported the overseas trading activities of U.K. industry, contributed to livable exports, provided substantial tax payments and employed about 100,000 staff in international banking in London.

While London was pre-eminent at present, and enjoyed a number of natural advantages, its position was by no means totally secure. Some business was gradually being lost to other centres, and it was therefore important to ensure that everything possible was done to enhance London's strengths and eliminate its weaknesses.

The association's main recommendation is that "the authorities should recognise more fully the benefits which are generated by the presence of the international banking industry in London."

Early action

It believed that positive steps should be taken wherever possible to "improve the environment within which the industry operates and that nothing should be done, by accident or design, which would harm London's position as an international banking centre."

On exchange controls, the association specifically recommends for early action the removal of the ban on financing third country trade in sterling for the next year, allowing the investment currency pool, or at least the 25 per cent. surrender rule; and permitting industrial and commercial companies to hold foreign currencies for longer.

On taxation, it says that the level of corporation tax appears to be the prime cause of a con-

Keep closer watch for bankruptcy signs, Boards told

FINANCIAL TIMES REPORTER

COMPANY DIRECTORS should pay more attention to danger signs that may indicate that business is heading towards bankruptcy, Sir Charles Hardey, senior partner of the chartered accountants Dixon Wilson & Co., writes in an article to-day.

Writing in this month's *Director*, Sir Charles is particularly critical of parent companies which guarantee loans to subsidiaries when, if called in question, they would be liable to loss.

"If local banks will not lend money to overseas companies on their own merits, then they should not be underwritten. The temptation is to issue guarantees to give banks and other financiers confidence. They are often given for no reason."

"A big lesson that has come out of the Receivership of large public companies is that parent

Last-minute advice on pension plans

BY ERIC SHORT

SMALL independent companies are being urged to contract out of the State pension scheme and set up their own arrangements by the Union of Independent Companies.

This is the last week for its employers to decide what to do about pension provision for employees. If they wish to opt out of the early scheme related part of the scheme they must do so to complete a statutory three-month consultation period with employees and trade unions by March 31.

Bill Poeton, president of the union, admitted that this advice was being given at the 11th hour. "It was therefore a bit of a surprise when our members here indicated they were favourable to take a

Fear of cost restricts use of legal services

FINANCIAL TIMES REPORTER
UNCERTAINTY over cost deters people from using legal services, says the National Association of Citizens' Advice Bureaux in evidence to the Royal Commission on legal services.
 There were about 112,000 inquiries about legal services in one week period. Only a third of these sought legal help. Only 6.5 per cent. had free advice by a solicitor.
 To enable more people to qualify for legal aid, income and capital eligibility limits

Give Post watchdog more bite report says

By David Freud, Industrial Staff

THE POST Office should become more accountable to the public, a National Consumer Council report says today.

The Post Office Users' National Council should be given the resources to become a much tougher watchdog, setting consumer objectives for the Post Office and monitoring its performance.

The council's report, prepared by its Post Office Review Committee, is in response to Carter Committee report, published in July.

Specific recommendations include:

- The Post Office should consider its dropping of Sunday mail collections;
- A code of practice should be drafted to ensure that closure of sub-post offices does not bring hardship;
- Prices should take account of the cost of goods and services.

King-size battle

By Stuart Alexander

BOTH The manufacturing arms of Imperial Tobacco, W. D. and H. O. Wills and John Player, today announce new brands, free offers and discounts to a bid to capture the greater share of the King-size cigarette markets after January 1.

Player is introducing a King-size version of its best-selling brand, "The Embassy," and Wills' national Press and poster advertising campaign, there will be a one-for-five free pack offer until March 31 next year, and Players will be sending by post to 100,000 people one 10c coupon for a pack of the Player mailing list.

Wills will do the same with its Embassy gift list to introduce its new "legal" brand, King-size, which is already on the market in Scotland since September.

Brewing report attacked

Financial Times Reporter
BASS BAWREY, London, Britain's public health expert, yesterday attacked the recent Price Commission report on the brewing industry which was critical of the industry's pricing policies and structure.

Mr. Bawrey, chairman of the Public Health Association, said to his annual report that the group must be allowed to increase earnings to continue investing.

The Price Commission report was "badly prepared, inaccurate and misleading," it had failed to find "a single ground for censure of the industry other than its historical ownership of licensed houses."

Restoring the Malaysian lin

A SMALL TEAM of British officials will struggle this week, with their Malaysian counterparts, to restore the direct London-Singapore Concorde service arbitrarily suspended on Friday because of a Malaysian refusal to allow the supersonic jet to fly through its airspace, either subsonically or supersonically.

The service had been arranged many months ago by agreement between British Airways and Singapore Airlines. Approval for Concorde flights through Malaysian-controlled airspace down the Straits of Malacca between Malaysia and Sumatra (Indonesia) was given in January.

But at the last minute, just before the first flight on December 8, Malaysia withdrew her approval. The service got off the ground only because British Airways, through the embassy in Jakarta, negotiated a limited permit for three Concorde round-trips through Indonesian airspace.

Indonesia, which has close relations with Malaysia, has declined to approve more flights, so once the third flight was completed on Thursday, a suspension of services became inevitable in the light of the pronounced Malaysian refusal to lift the ban.

As a result Friday's flight, intended for Singapore, ended at Bahrain, with passengers transferring to a subsonic flight. The airline had to return to Singapore from Singapore to London at the week-end were obliged to travel subsonically. This type of operation will continue until the Malaysians permit a resumption of Concorde flights to Singapore through Malaysian airspace.

The British team in this week's negotiations consists of Mr. Owen Kemiss, the top Department of Trade official responsible for international route negotiations; Mr. R. J. Wainwright, from the Civil Aviation Authority; Mr. Gordon Davidson,

NEWS ANALYSIS

CONCORDE

British Airways Concorde director; and Cap. Brian Calvert, a senior Concorde captain based in Singapore.

They have a twofold task. First they must identify the real cause of the Malaysian objections to Concorde; secondly, propose solutions to the problems raised.

Malaysia has said unofficially, because of official Malaysian contact with the U.K. team has so far been limited, that she is afraid of possible environmental damage from Concorde to offshore fisheries as well as to communities on the ground, even when the aircraft is flying subsonically.

This attitude is considered strange by the U.K. team, especi-

NEWS ANALYSIS
●
CONCORDE

People are feeling better off

PEOPLE are still worried about inflation and concerned about the future, but feel better about the economy with a year ago than at any time for over three years, according to the Financial Times survey of consumer confidence.

A slightly larger proportion of respondents thought it a good time to buy consumer durables, but the Time-to-Buy index is still below this year's peak.

There are signs that measured by the survey, has fallen by 3 per cent, this month. Just under 30 per cent. of the people questioned expected conditions to improve in the next 12 months, while 21 per cent. took the pessimistic view of the future.

This gave a balance of 8 per cent. who thought things would improve against 12 per cent. last month, and a high of 26 per cent. in October.

Even so confidence is still much higher than between 1970 and 1975, while the six-month moving average figure for future confidence is still improving.

On this longer-term basis the pessimistic view of the future by optimists hit 10 per cent. against 6 per cent. last month and a marked preponderance of pes-

mists throughout the first nine months of the year.

This month's fall in confidence was shared by all categories of people interviewed, but was most marked among women. Concern about rising prices and inflation rose sharply this month among pessimists, though worries about strikes declined.

Again, most optimists base their confidence on the fatalistic interpretation of events that things must get better as they cannot get worse.

Brighter side

The survey disclosed a more gloomy view about prospects for employment. A third of respondents thought it would increase, while 30 per cent. thought it would fall. This gave a balance of 18 per cent. of the sample who thought that unemployment would get worse against 14 per cent. last month.

On the brighter side, people felt much less badly hit by inflation this month. Asked "are you feeling worse or better-off compared with a year ago?" 27 per cent. said they felt better

November increases are reflected in grocery basket

THE COST of groceries in the Financial Times shopping basket shows a marked increase this month for the second time in succession.

This month's index rose by 43.2 points to 286.42, a rise of 1.85 per cent. Last month it showed a 1.8 per cent. acceleration, the index rising 42.7 to 280.5 per cent. rises in September and October.

In spite of this month's rise, the index is still slightly below its June peak of 286.53, but the year-on rise edged marginally up this month at 8.8 per cent. compared with 8.5 per cent. last month.

Sharp rises throughout the country's prices for bread and dairy products were the main causes of the rise.

This month's index took account for the first time of the increased prices for eggs which came into effect towards the end of last month.

That caused the index for bread, flour, and cereals to jump by 5.3 per cent. compared with just under 1 per cent. the previous month.

Dairy prices showed a 2.5 per cent. rise compared with a slight

drop the previous month. The main reason for that was a uniform rise in egg prices reported by the 11 FT shoppers.

A rise in dairy prices can also be expected next month when the 12 extra in the retail price of milk—bringing the official selling price to 12.56—comes into effect on January 1.

The index showed a smaller than expected rise in the price of fresh fruit and vegetables—only 1.4 per cent. this month compared with a 8 per cent. rise last month.

Cauliflowers, tomatoes, grapes, lettuces, onions, and carrots cost slightly more, but potatoes showed little rise.

As the FT shoppers monitor the same goods in the same shops each month, cheaper own brands especially introduced by some supermarkets are not reflected.

But a bumper of special offers on canned goods regularly included in the index produced a fall in this section from 51.89 to 49.18 points.

The Financial Times Grocery Prices Index is copyright and should not be reproduced or used in any way without consent.

	December 1977	November 1977
Dairy produce	£43.77	£40.36
Sugar, tea, coffee, soft drinks	94.93	91.81
Bread, flour, cereals	92.36	87.73
Preserves and dry groceries	29.35	29.59
Sauces and pickles	14.85	14.96
Canned goods	49.18	51.68
Frozen foods	41.95	41.34
Meat, bacon, etc. (fresh)	180.64	177.50
Fruit and vegetables	82.14	81.03
Non-foods	58.23	56.78
Total	787.40	774.61

1971:	Feb. 100.79; Mar. 101.09; April 102.73; May 105.75; June 108.16; June 107.29; Aug. 105.40; Sept. 105.26; Oct. 104.34; Nov. 103.26; Dec. 109.26.
1972:	Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.19; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 111.48; Nov. 114.8; Nov. 16: 114.49; Nov. 25: 114.72; Dec. 2: 114.73; Dec. 9: 114.73; Dec. 16: 115.77.
1973:	Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.13; June 126.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 131.33; Nov. 135.83; Dec. 136.26.
1974:	Jan. 141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.4; Oct. 150.5; Nov. 156.39; Dec. 159.15.
1975:	Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.49; May 181.13; June 193.02; July 188.48; Aug. 189.23; Sept. 186.64; Oct. 189.17; Nov. 194.78; Dec. 201.90.
1976:	Jan. 208.33; Feb. 211.81; Mar. 216.60; April 220.34; May 221.48; June 222.82; July 216.71; Aug. 221.34; Sept. 223.43; Oct. 224.28; Nov. 241.53; Dec. 244.82.
1977:	Jan. 251.03; Feb. 253.96; March 256.27; April 258.72; May 263.38; June 266.58; July 258.48; Aug. 256.46; Sept. 256.81; Oct. 257.11; Nov. 262.10; Dec. 266.42.

AGNEW GALLERY, 45, Old Bond Street,
W.1. 01-678 6176. MASTER DRAW-
INGS until December. Mon.-Fri.
9.30-5.30. Thurs. until

**COVENT GARDEN GALLERY CHRISTMAS
EXHIBITION.** Oil, WATER COLOURS
mainly £25-£55. Suitable for
moving collectors. 20, Russell Sq.,
W.C.1. S98 136. Wk. 10-3.30 Thurs.
and Sat. 12.30.

**FAY GALLERIES, 5-6, Cork St., London,
W.1. 01-734 3626.** From Nov. 21st
to Dec. 31st. Christmas Exhibition. Many
containing oil and water colours, large
oil, small oil and medals from £10
to £20.000 Wednesdays 10-3. Saturdays
10-1. Sundays viewing 10-1.

**COLMAUGH, 14 Old Bond St. W.1. 691
7288.** THE VIENNA SECESSION
1900-1910 Paints and Drawings 1907-
1912. Watercolour £40-£400 and CHRIS-
TIAN EXHIBITION of
works until 20 Jan. Closed 2.30-8
noon. Resurrection 26th Dec. Dec. 31st.
9-6-8. Sat. 10-1.

CLUBS

EVE, 189 Regent Street, Tel. 5675. A la
Carte of All Nations. Champagne
Fleur Sherry 10.45, 12.45 & 1.45 and
more at Johnny Hanauverer's & Friends.

**GARGOYLE, 69 Dean Street, London, W.1
Tel. 691 1121.** The Gargoyle
5 PM to LATE BRITISH STRIP
till end of Midnight, and 6 am.
More at Club. Tel. 691 6455



**Nilfisk**
—the World's largest manufacturer
of Industrial Surface Cleaners—

This announcement appears as a matter of record only

October 1977

IHF

Fiat Finance Corporation B.V.

US \$ 25.000.000,- Loan
unconditionally guaranteed by

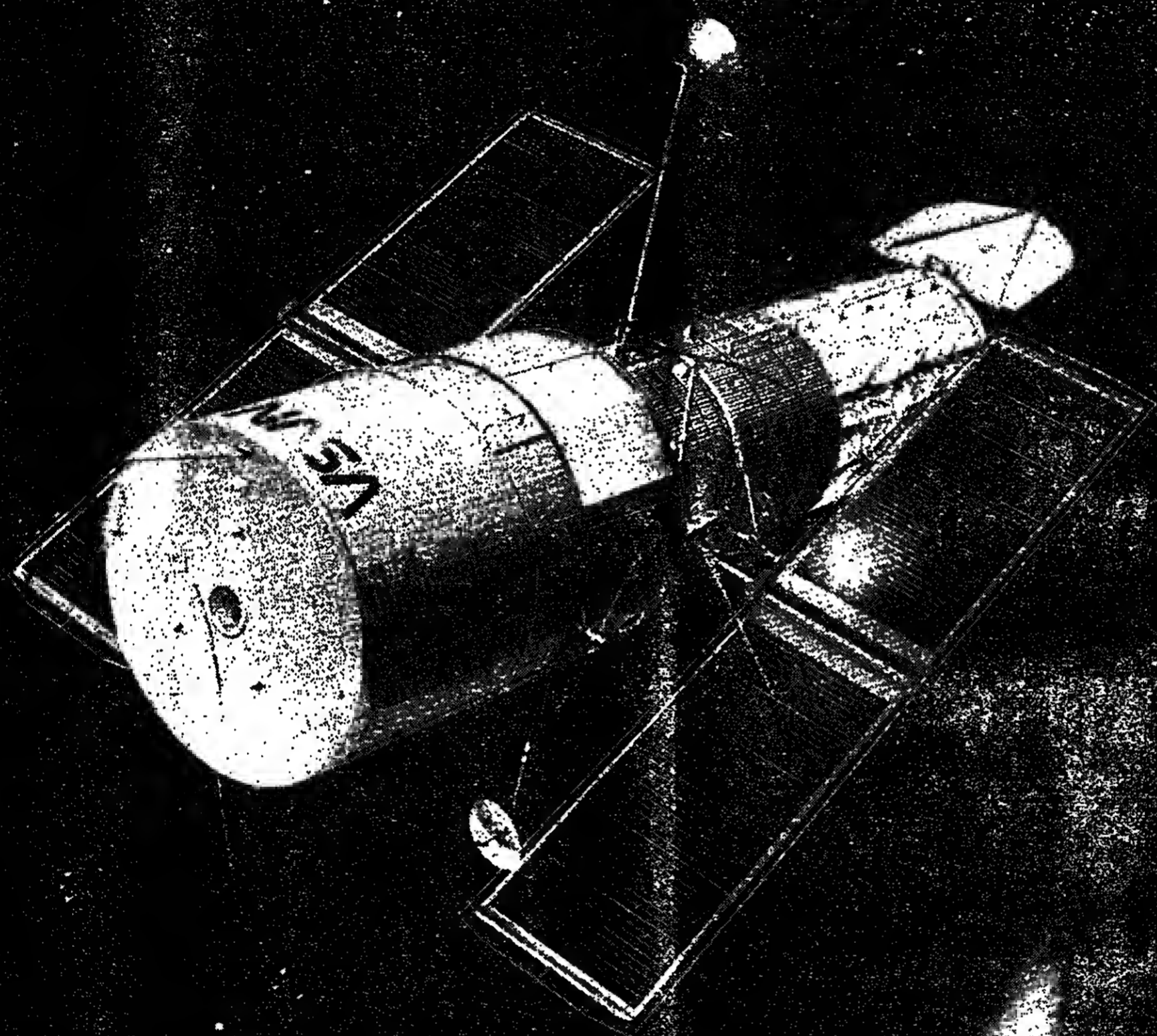
Internazionale Holding Fiat S.A.

managed by
Gulf International Bank B.S.C.
provided by

Abu Dhabi Investment Company
Bayerische Vereinsbank International S.A.
Gulf International Bank B.S.C.

Agent
Bayerische Vereinsbank International S.A.

In 1983, man may see to the edge of the universe



with this NASA/Lockheed Space Telescope.

When it is launched late in 1983, the NASA Space Telescope may enable scientists for the first time to see distant galaxies as they appeared when they were formed. The Space Telescope will be able to detect images that originated 14 billion years ago, when according to some theories the universe was created.

New planets of other solar systems—perhaps worlds similar to ours—may come into view.

Whatever awaits the scrutiny of scientists, it will be seen with clarity seven times better than that of earth-based observatories. Moreover, the Space Telescope will detect objects 50 times fainter than is possible on Earth. And it will perform ultraviolet and infrared measurements impossible from Earth.

Lockheed, under contract to NASA's Marshall Space Flight

Center, is designing and building the largest part of the Space Telescope, the Support Systems Module. Lockheed also is integrating the optics and various scientific instruments into the Telescope. And Lockheed will test the entire system before it is launched.

Once in space, the Telescope will be able to lock onto celestial objects with absolute accuracy for as long as 30 to 40 hours.

From man's study of the heavens have come concepts of time, calendars and clocks. Early astronomy led to the laws of gravitation—and these to the development of mathematics. Now the Space Telescope promises to bring mankind worlds of new knowledge.

Helping man explore the vastness of the universe.

One of the technological achievements of the 55,000 workers at Lockheed.

Building and Civil Engineering

Huge rice area plan £40m. road in Nigeria by Halcrow

PROBABLY the most important of land. Simultaneously, after a review of an existing 3,500 hectares (some 10,000 acres) in the Niger delta, the partners will produce detailed designs and supervise civil works and installation of equipment for this section.

In Phase II, the remainder of the 20,000 hectares will come under scrutiny and from January 1979, work will start on design, documentation and subsequent supervision of construction of the pipework, etc.

Halcrow will also be required to provide the training under which Government personnel will learn how to run the completed irrigation works. This is a multi-million dollar World Bank project.

A CONTRACT for the construction of a 150 km. road between Potiskum and Gasbua in northern Nigeria has been awarded to Stirling - Aitaldi (Nigeria), a subsidiary of Stirling International Civil Engineering.

Stirling says the value of the contract is £40m. and that it is expected for completion in 24 years. The work is being carried out for the Ministry of Works and Housing, Borno State.

A hot sand bitumen base course with a premix overlay will be required and the contract will also include two concrete bridges each with a span of 100 metres.

Oil wells in Abu Dhabi

AN OIL well drilling contract has been awarded to Geoprosco International (Trafalgar House Group) by the Abu Dhabi Petroleum Company.

Value of the contract is at least £7m. and could be as much as £11m. depending on how the operations go. The work is expected to take between two and three years and will involve the drilling of wells to a maximum depth of 10,000 feet in desert areas.

About 60 workers will be housed in a camp made up from 24 caravan units.

£2m. Rosser £3.1m. job for Monk and Russell award

AIR conditioning services for a residential complex to be built under a £14m. contract by Rosser and Russell (International) at a cost of £2m.

A MONK AND CO. has been awarded a £3.1m. contract for redevelopment work at Stirling by the Property Services Agency.

The project comprises a 315-square-metre office block, main dense concrete block walls, then and subsidiary stores buildings cladding to the eaves.

Peers down sewers

EQUIPMENT offered by Video-board of London allows good quality colour photographs to be taken of the inside of sewer pipes of diameter down to 225 mm (nine inches).

The camera unit, which can be mounted on a robot trolley or towed between manholes, consists basically of closed circuit television camera, an automatic 110 miniature still camera, and a pair of 20 watt quartz halogen lamps in small reflectors.

The film camera is motorised for winding-on and shutter release loading purposes and can be fired remotely using a solenoid.

attachment. The television camera is used to produce a picture on the surface so as to decide the moment at which a colour shot should be taken as the trolley moves through the sewer or pipe.

The company claims that, till now, this work has usually been undertaken by photographing the monitor screen, often resulting in pictures of inadequate definition. Main interest will be in local water authorities, but applications may also arise in process industries using large pipework and in the oil industry. More from 7 Cotswold Street, London SE27 0DW (01-761 1136).

Keeping big spheres cool

COOLAG—manufacturer of low temperature thermal insulation materials—has completed supplying a major contract in India.

Rigid polyurethane foam formulated by its technicians has been used to insulate pipes, vessels and equipment at a new ethylene plant for the Indian Petrochemical Corporation of New Delhi.

Included in the £450,000 contract, at Baroda in the state of Gujarat, is the lining of three large spherical storage tanks. These spheres were insulated under a system developed by Coolag, member of the Tarmac Group's building products division, at a factory in Glossop, Derbyshire. This involved cutting the foam into spherical equilateral triangles which were then placed together like a jigsaw.

Coolag is now tendering for the insulation of a number of other spherical tanks in India and the Middle East.

Design engineers for the Baroda contract were Engineers India and the work was carried out by Punj and Sons (Private), both of New Delhi.

1/2m. lager brewing plant Good cheer at Costain

A job has just been started by Laing Construction on a lager brewing plant for the London Borough of Tower Hamlets for the first stage of a housing project at the former Eastern Docks at Wapping.

Work on site is to be inaugurated tomorrow by Mr. Peter Shore, Secretary of State for the Environment. This will mark the start of the first major building scheme in the redevelopment of the London Docks, which will provide homes for over 5,000 people.

The first stage is expected to provide homes for nearly 600 in houses and flats. Consulting engineers are Ove Arup and Partners.

LITTLE of the general gloom in the construction industry seems to have enveloped Richard Costain.

Speaking at a City luncheon last week, Mr. J. P. Sowden, chairman, said the company was concerned that the current year's targets for the current year.

Overseas the company was very active. It was already under way on a joint venture with Amey Roadstone Corporation on a £19m. airport contract at Hodeidah in the Yemen Arab Republic, was engaged on a £12m. container terminal at Jeddah in Saudi Arabia and on a £15m. wood pulp plant at Edca in the United Republic of Cameroon and expected to complete the Dubai dry dock early in 1979.

Costain is seeking expansion by making acquisitions compatible with its present operations and its latest move was to purchase the whole of the share capital of Kwikform.

Insulated roofing board

NOW IN full production in the U.K. is a plastic foam insulated roofing board, which is claimed to be much more efficient than most other forms of insulating material, as well as providing structural strength.

The standard board consists of dense (2.2 lb/cu. ft.) polyurethane foam laminated on both sides with bituminised glass fibre. Thermal conductivity (k-value) is stated to be 0.023 W/metre deg. C—the manufacturer says this means that a 20mm board provides the same insulation as 30mm of polystyrene, 33mm of glass fibre, 62mm of wood wool slabs or 800mm of brickwork.

The board is supplied in 2 x 2 feet and from 20 to 60mm thick. The standard material is intended for roofing applications on timber boarded, concrete or metal deck roofs, and is added as an insulating layer below the usual three layers of felt. It should be laid on and sealed with hot bitumen (not exceeding 330 deg. F.) For use in mastic asphalt roofing a heat resistant version is available.

Compression strength is 35 psi, and transverse breaking strength is 50 psi—this means that the board could be used to take light foot traffic for example when used to insulate a loft by nailing to the joists at 18 inch centres. It can be cut to size with a sharp knife.

As the foam is of the closed cell type, water absorption is said to be nil.

The board can be bonded to other materials for applications such as wall cladding, and a version bonded to troughed steel sheets should be available soon.

Cost of the standard board, 25 mm. thick, is about £2.25/square metre (or about £1.65 per board). Most marketing is direct to roofing contractors, and is not intended to enter the DIY market at present.

Details from Vapotherm (U.K.), Barchester Street, London E14 6BG (01-887 1441), a subsidiary of George M. Callender and Co.

Simplified inspection

BATTERY-POWERED pipeline trolleys, which can greatly simplify internal pipe inspections while speeding them up to a considerable degree have speeds of 4 feet per second on the level and can be used to carry inspection staff along the pipes with minimum effort.

Stove-enamelled welded steel frameworks support platforms of shire.

CP 222, is for general site use which have their own tool trays, are driven by a 12V electric motor.

Scanray (International Testing), 36 Barton Road, Waterbury, Milton Keynes MK2 3LQ, 0908 70771.

Digging at the clay

LIGHTWEIGHT, a multi-purpose demolition pick and cladding tool has been added to the compressed air equipment manufactured by Consolidated Pneumatic Tool Company, Equipment Division, Fraserburgh, Aberdeen-shire.

CP 222, is for general site use which have their own tool trays, are driven by a 12V electric motor.

Scanray (International Testing), 36 Barton Road, Waterbury, Milton Keynes MK2 3LQ, 0908 70771.

equipped with latch retainer for quick and easy storage change.

Providing excellent power to weight ratio and offering high surface impact rate with less operator fatigue, it has a closed handle cast to generous proportions to allow the operator to wear heavy protective gloves comfortably, while an externally located trigger mechanism reduces the risk of accidental operation while it is being carried.

More on Fraserburgh (03462) 3131.

Bags cut airlock time

USE OF airbags—sack-shaped airtight bags of nylon fabric coated with Du Pont neoprene—is helping engineers to make savings in the construction of the underground section of the metro system in Newcastle-upon-Tyne.

About 6.4 km. of the line runs underground. In this portion air pressure had to be kept at about 1.4 bar in order to keep out ground water and to allow tunnelling work to continue under reasonable conditions. All men and materials going to or coming from the workforce have to pass through an airlock. The process of bringing the 21-metre-long airlock with its 4.75 metre diameter to the required pressure several times a day was costly and time-consuming.

The solution chosen was to cut down the volume to be pressurised. The engineers built a false timber ceiling into the

airlock and filled the space above it with airbags about 3m long and 70cm in diameter. As long as the airbags remain inflated above the pressure of the airlock, the effective volume of the airlock is reduced by about 25 per cent, saving a similar percentage of energy and time.

Leyland and Birmingham Rubber Company, part of the BTR group, fabricated the airbags, using neoprene on a heavy nylon fabric to meet the exacting conditions met in tunnelling: water, dust and rock abrasion and other kinds of rough handling associated with civil engineering work. The bags, which are designed for a maximum internal pressure of 1.7 bar, can be deflated as required.

The solution chosen was to cut down the volume to be pressurised. The engineers built a false timber ceiling into the

Leyland and Birmingham Rubber is at POB2, Leyland, Lancs. PR5 1UB.

IN BRIEF

● Cooke's (Finsbury) has won a £1m. contract for the manufacture of furniture and fittings for 12 schools and teacher training colleges in the Yemen Arab Republic.

● FPA Finnegan has been awarded a contract by Conder (Midlands) to carry out work at the Wakefield offices of E. Green and Sons.

● B.C.C. Pipefreezing Services has extended its operations to cover pipes up to 24 inches diameter. The technique can be used for the removal of faulty valves, insertion of new branches and re-routing of pipelines carrying many types of liquid whether under high pressure or not.

● Three contracts totalling over £300,000 have been awarded to Southern Counties Construction Co. They are for industrial buildings at Southampton.

● A flood relief scheme at Hayling Island for the Borough of Havant and road work at Ewell for Surrey County Council.

● John Mowlem has been awarded a £175,000 contract by Shell U.K. for work in connection with an effluent control system at Shell Haven, Essex.

● Terrapin unit structures will house a bank in Denmark in 260 square metres of floor space at Braband, near Aarhus. Fourteen factory-built Mark 72 building units are being supplied under a contract with Den Danske Provis Bank.

● Costain Construction has won a £355,000 contract to build a factory in Northampton for Rest Assured.

● Sindall Construction has been awarded a £1.5m. contract to build a factory and two-storey office block in Saffron Walden for the Universal Tape Printing Co.

Heating Plus

The way to build homes with electric heating that makes them easier to construct and economical to run.

That are cheaper and easier to build. And easy to run. These are the big advantages of building the Heating Plus way.

What is Heating Plus? It's Electricity's name for the cost-effective combination of electric heating plus extra, integral insulation. Cost-effective for house builders, because the total installation cost (heating system, insulation, labour) can be up to 25% less than for systems using other fuels. And cost-effective for buyers, by giving them the extra cleanliness and efficiency of electric heating with the most economical energy.

Simple, controllable heat.

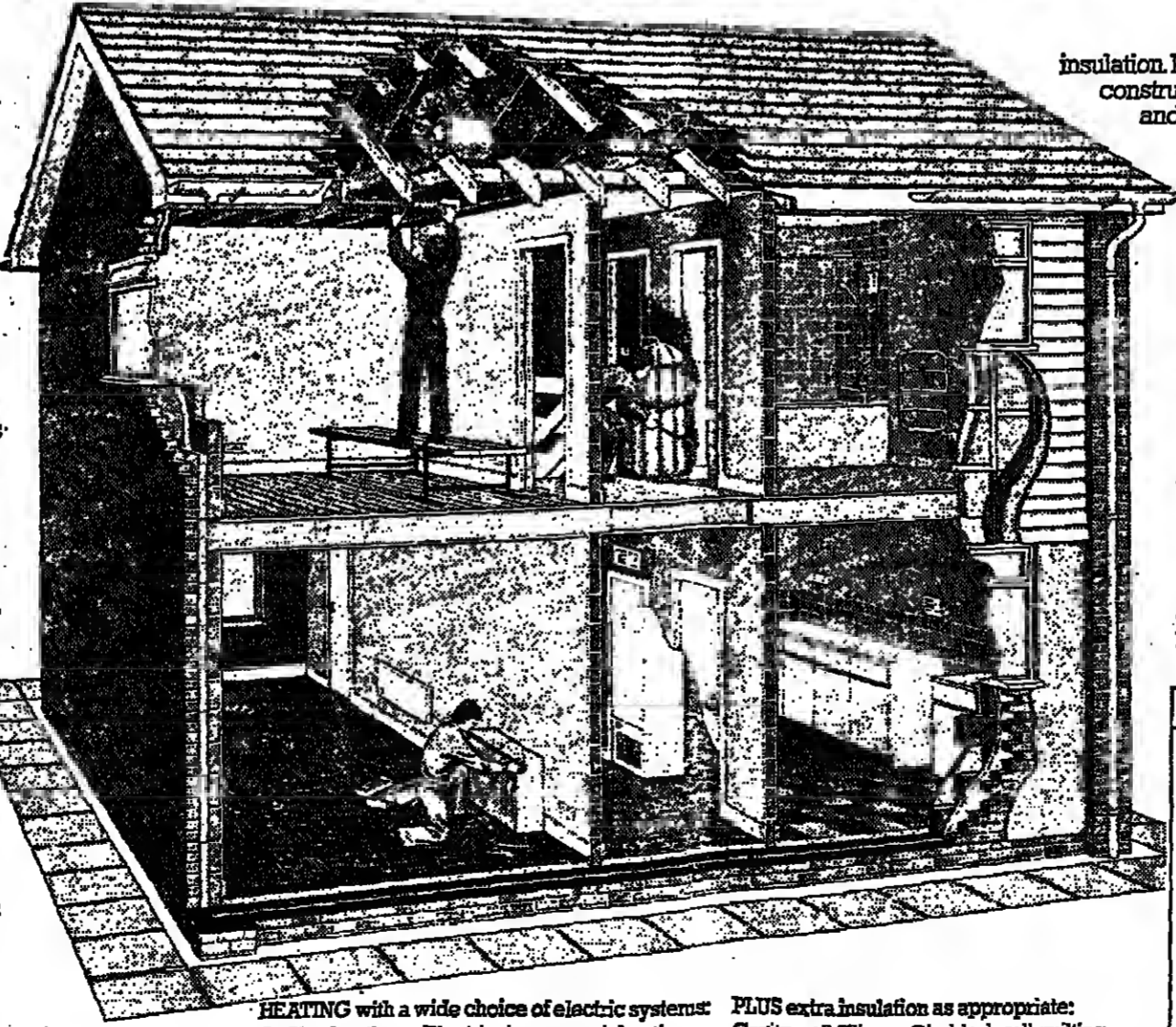
Heating Plus offers you a more flexible choice of equipment and installation options than any other fuel. Systems include radiant ceiling heating, with its quick warm-up and room-by-room controllability; Electricair warm-air ducted heating, running on cheap off-peak rates; and electric storage radiators—the ideal 'add-on' system for families. No problems with flue locations or piping runs. The system can be regulated with easily operated time thermostat controls.

Convenient water heating.

Heating water by electricity is the cleanest, most convenient method of all—and Heating Plus offers a range of options. These include 'point of use' units for hot and cold showers, and storage systems with two immersion heaters to run economically on the 'off-peak' tariff.

Extra insulation.

Heating Plus begins where the other systems leave off. It includes extra insulation where heat would otherwise be lost. This includes additional roof insulation.



Sea change in the battery industry

BY CHRISTINE MOIR

EVENTS IN recent weeks involving Ever Ready—the world's second largest producer of primary batteries—have highlighted a sea change which has been creeping over the battery industry throughout the 1970s and is now beginning to show through in changing production patterns and the break up of traditional trading alliances.

As the dominant company in the U.K., with 74 per cent of the market, Ever Ready is the natural spearhead and focus for the changes, which, paradoxically, have come equally from stagnation and prospects of major growth.

The stagnation is a by-product of the very success of the zinc carbon battery, the commonest type of battery, which has been in existence for nearly a century. Its performance has certainly improved—output from today's HP2 or HP11 battery is twice the pre-war vintage—and the invention of a host of battery-powered products, not least the transistor radio, provided many years of spectacular sales growth.

There is still further growth to come from such new products. But in the main the edge has gone off the growth in the sophisticated markets of the developed world.

Consumption of zinc carbon batteries in Europe, the U.S., Japan and Britain is now fairly static at around 14 per person per year.

Yet Ever Ready has just announced that it is planning

to expand its main plant at Tandfield Lea by a sixth. The plant already produces 2.6m. batteries per day and the new section will add another 800,000 per day. Nor is Ever Ready the only U.K. producer embarked on major expansion: Crompton Parkinson, the Hawker Siddeley subsidiary, which makes batteries under the Vidor name, is also building new plant which could increase its capacity by around a third.

These moves are taking place at a time when, despite a decline in this year's interim pre-tax profit margins of nearly a percentage point, Ever Ready is seeking only a modest 7 per cent price increase which will not fully cover increased labour and materials costs in the second half, let alone restore the margins. Furthermore Ever Ready's last two price increases were only 1.45 per cent and 4.6 per cent spread over 15 months.

Mystifying

These figures provide the clue to the state of the home market and make it difficult to understand what the Price Commission hopes to achieve by asking Ever Ready to justify its latest increase, as it did a fortnight ago. Market pressures already appear to be keeping price increases firmly restrained.

The Price Commission's intervention is all the more mystifying since it is only three years since a Monopolies Commission report gave Ever Ready

a clean bill of health, and calculators and "button" cells (a generic name which covers mercury, silver and zinc oxide products).

So alluring is the potential growth from alkaline manganese batteries, that last month Ever Ready severed a trading alliance of 30 years' standing and sold back to P. R. Mallory of America, the 25 per cent stake it had owned in Mallory's European interests in alkaline manganese batteries.

Nearly half the £10.8m. proceeds from this deal are to be ploughed into perfecting the pilot plant Ever Ready has set up for these batteries, which should be in full production by next autumn. The cost, between £4m. and £5m., seems a considerable amount to spend on a battery type which has only about 2 per cent of the U.K. market by volume, until one learns that in Germany its market share is 7 per cent, while in Japan it is 19 per cent, and in the U.S. it is around 35 per cent, and possibly 50 per cent, by value.

Skilful advertising of alkaline manganese batteries, largely by Mallory, by far the market leader, is beginning to eat into the traditional zinc carbon markets despite claims by the zinc carbon manufacturers that zinc carbon battery gives much better value for money. This

encroachment has obviously intensified Ever Ready's determination to make "long life" batteries.

In the longer term the pressure on Ever Ready must be to provide—in an increasingly sophisticated market—the full range of batteries in order to minimise the possibility of losing its U.K. market share to a foreign competitor.

So far the company has had little to fear. Its own market share, 74 per cent, climbs to 83 per cent if one takes into account the batteries it supplies under "own brand" labels to Exide, the Chloride brand name, or Ray-o-Vac, the brand belonging to ESB. There is little penetration from the foreign majors: Union Carbide, the world's largest; Varta, the German Quandt company's brand which has the dominant 40 per cent share in its own country; or National, the Japanese Matsushita company's label. Together they account for only about 4 per cent of the market. Nonetheless, the fear is there.

The same two pressures—fear of penetration by the competition and the need to maintain growth by manufacturing new types of batteries—is also stimulating Ever Ready into starting production of button cells. The main growth area for which is quartz watches and other miniature products, such as hearing aids.

Ever Ready is spending £5m. to £6m. developing and manu-

facturing these cells by the end of which it will be the sole European producer of any size (Mallory has a small plant in Switzerland) and should be able to attack the virtual monopoly at present enjoyed by Far East producers, such as Matsushita.

The combined effect of these moves, according to Mr. Lawrence Orchard, chairman of Ever Ready, should be to double turnover within five years. The bulk of this expansion is expected to come from Third World growth in zinc carbon batteries, backed up by the new types of cells.

Expansion

Unvoiced, but almost certainly part of the expectation, is a further increase in Ever Ready's market shares in sophisticated international markets—partially through the development of a wider range than its competitors.

Ever Ready's most powerful weapon is its own internal economies of scale. Between 1945 and 1965 most of its competitors were driven out of business by their inability to match these benefits. The competitors which remain, notably Vidor in the U.K., which has maintained its 13 per cent market share, will not disappear. But their competition would be weakened if Ever Ready chose, or was forced by State intervention, to hold its prices down. Where Ever Ready leads, prices the others must follow.

To feel at home when you go to Japan, Fly the Flag—



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When you're flying to somewhere as far off and foreign as Japan, it's always good to travel in an environment that is familiar and relaxing—that makes you feel at home.



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Once in Japan, the international status of the American Express Card will provide you with the security and convenience to make your trip more enjoyable—just as it does at home.

You can use it to hire a car with no deposit; to pay your bills in most fine hotels, restaurants and shops—even to pay for that airline ticket.

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Together we make travel easier.

COMPANY NOTICES

CHILEAN EXTERNAL LONG TERM DEBT
GOVERNMENT 4 1/2% GOLD
LOAN 1982
Midland Bank Limited announces that the redemption instrument for the above loan, bearing a date of 1st January 1978, has been received by a provision of bonds to the nominal value of £1,000,000.

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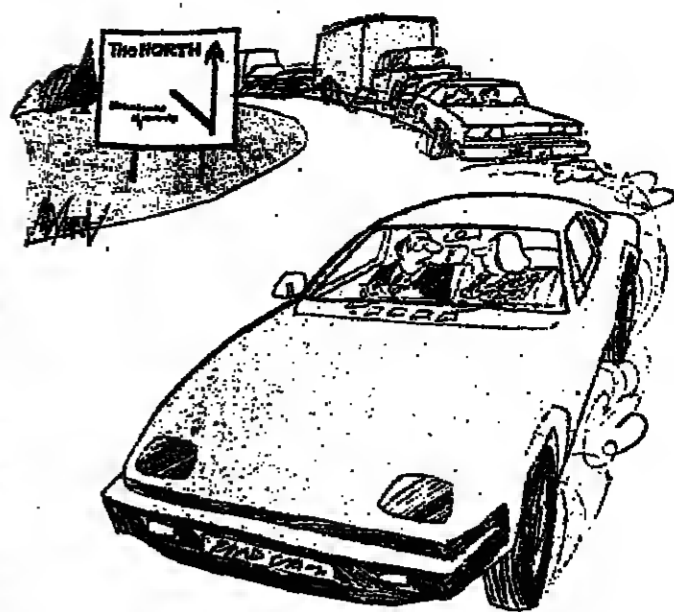
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The North-South dialogue

BY RHYS DAVID



Of course we're in the South! Can't you smell their air of superiority?

NEXT TO Anglo-Scottish rivalry, the great seat of creative tension within the U.K. must be the internal English battle between North and South.

Though the North may have just about forgotten the seizure by Canterbury of ecclesiastical primacy over York in the seventh century, other more recent losses in the battle with the South still rankle. In spite of all the efforts to reverse the trend, the drift of people and power to London, as industry has become more concentrated and government more complex, has been a feature of the past 25 years.

Against this background it is not surprising, therefore, that the North—or at any rate its political and business leaders—have been looking at the devolution proposals for Scotland and Wales with some envy, concern, and even confusion.

The envy is the result of a widespread feeling that Scotland and Wales, because of their distinctive national identities, have seized the opportunity over recent years to organise effective political lobbies, demanding and obtaining major concessions from the Government.

Not only in relation to business and industry, but there is a feeling of Southern dominance. Though the North still supports several orchestras and may soon have its own opera company, it is largely dependent in the field of serious culture on Arts Council support.

touring productions from London. In popular culture the offerings of the mass media are felt by many in the North to be pervaded by a southern ethos, only partly offset by the limited regional input into national television.

Equally, though Manchester remains an important publishing centre—as the recent industrial disputes at the Daily Express and Daily Mirror have demonstrated—its significance as an editorial base for most newspapers has declined.

Manchester itself is the largest city in England without its own morning newspaper.

The North, therefore, shares many of the symptoms which have persuaded the Government to act in the case of Scotland and Wales, and for this reason has begun to look with concern at the moves now envisaged for those two countries.

Though the Government has made strenuous denials, there is a suspicion that Scotland and Wales already receive more than their fair share of national resources, judged strictly in terms of need, and that assemblies in Wales and Scotland will give both areas increased leverage to secure favourable treatment from Whitehall.

Mr. Michael Noble, Labour MP for Rossendale, and himself an advocate of devolution for the English regions, warned recently that the North was in danger of being squeezed from two directions—from the South, which as the richest part of the U.K. would continue to exercise a magnetic attraction over the North, and from Scotland because of the call it would have on national resources.

There is also concern that the new development agency machinery in Scotland and Wales, with powers to tackle economic problems on a comprehensive basis, is likely to prove more effective than the alternatives available in the North. The Government has responded in part by setting up Northern branches of the

National Enterprise Board in Newcastle and Liverpool, but their powers remain circumscribed.

For them to enjoy the wide ranging powers to build factories, clear land and promote industrial development, exercised by the Scottish Development Agencies, it would be necessary to dismantle and parcel out between the regions functions of other bodies, such as the English Industrial Estates Corporation—a step which could clearly increase the costs and reduce the effectiveness of regional policy.

But while the North is far from keen on the idea of devolution for Wales and Scotland, there is less certainty over what the area wants for itself. There is a strong feeling that in many respects the North is different, with regional characteristics of its own which ought not to be smoothed by the spread of a single uniform, predominantly Southern English, culture.

Strongholds

These differences can be as intangible as the independence of spirit on which Northerners pride themselves, or as distinctive as the separate pastimes—Rugby League, crown green bowls, brass bands, and pigeon fancying—which have their strongholds north of a line from the Mersey to the Wash.

In addition there are differences in speech and in other customs and practices which, to put it no more strongly, give the North its own distinctive feel.

In Scotland and Wales, where there is the extra dimension of a separate national identity

going back in each case more than 1,000 years, these feelings have been channelled into the demand for national assemblies.

In the North the idea of separate regional assemblies is still largely dismissed though significantly this year has seen the formation of what might be considered the local answer to the Scottish Covenant movement of 25 years ago—the Campaign for the North.

Based in Hobden Bridge, strategically placed on the borders between Yorkshire and Lancashire, the campaign is fighting for a Northern Parliament—an institution for which it claims there is an admirable precedent in the Council for the North abolished in 1642.

The campaign is still very small, but it has the backing of the Rowntree Trust, and has been able to appoint one full-time official.

The campaign follows in a number of respects Liberal Party policy favouring a federal system for the U.K. and it has as its guru Mr. Michael Sled, the Manchester University politics lecturer and leading Liberal, familiar for his appearances as a psephological expert at elections. The campaign is hoping, however, to attract support from among all parties.

The call for more devolution is not confined to the fringes, however. It has a large measure of support inside the Labour Party in the region even though Northern MPs remain sceptical.

Indeed it is they who were largely responsible for the defeat of the Government's attempt earlier this year to win Parliamentary approval for its Scottish and Welsh devolution proposals. The three regional councils of the Labour party in the North—North West, York-

shire, and Northern—have each come out in favour of elected regional authorities with responsibility over important areas of life locally.

As in Wales and Scotland there has been concern at the growth of regional arms of government which have taken over functions formerly exercised by county and county borough councils in fields such as health and water which are now one remove at least from democratic control.

Two-tier system

Both within the Labour Party and among the general public, there is considerable dissatisfaction with the 1974 reform of local government, and in particular with the cumbersome two-tier system. Plans put forward by Labour's three regional councils in the North envisage a transfer of some powers from the existing local government structure to a new regional tier of government, with Yorkshire and the North West advocating in addition a transfer of some central government functions.

But while the new local government system has come in for considerable criticism, the need to avoid burdening the public with further changes has become one of the main arguments advanced against the creation of another tier of government at regional level, at least for the present.

In its submission in response to the Government's discussion document, *Devolution, the English Dimension*, the North West Economic Planning service departments with the Council also have the task of spelling out to the Government the implications of central decisions on individual regions.

Changes of this nature would clearly not meet the demands being made by the Campaign for the North and others for more democratic control over the decision-making process. They would, however, establish in the North and other English regions, strong civil service departments with functions in some cases approaching those of the present Welsh and Scottish Offices. If Scottish and Welsh assemblies are created and

proved effective they could provide the stimulus for a similar demand from parts of England.

The North has a greater population than Wales or Scotland together, and has begun to ponder the anomaly of being both one of the poorest paid and yet one of the most productive parts of the U.K., responsible for a large proportion of its industrial output but relatively powerless in the face of the strong economic forces which have affected the U.K. as a whole.

With the M62 now linking the North from Liverpool to Hull, the North West and Yorkshire planning councils have increased their co-operation with each other across the Pennines, and have pointed out that entry into Europe could create a hand of wealth along this east-west axis to replace the traditional north-south orientation of the U.K.

The establishment of assemblies in Wales and Scotland may prove to be the beginning rather than the end of the debate within the U.K. on the form of government best suited to a small, but densely populated, and centrally-governed, island.

Head office

Some of the gaps have been filled by the decentralised headquarters of banks and civil service departments, and in the case of shipbuilding the head office of the newly nationalised industry has been located on Tyneside. All too often, however, jobs transferred out of London are relatively lowly, with power and decision-making remaining behind.

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With the M62 now linking the North from Liverpool to Hull, the North West and Yorkshire planning councils have increased their co-operation with each other across the Pennines, and have pointed out that entry into Europe could create a hand of wealth along this east-west axis to replace the traditional north-south orientation of the U.K.

The establishment of assemblies in Wales and Scotland may prove to be the beginning rather than the end of the debate within the U.K. on the form of government best suited to a small, but densely populated, and centrally-governed, island.

Letters to the Editor

World economy

from the Director, The National Council of Building Material Producers.

Sir—Samuel Brittan (December 15) makes a strong case for a monetary relaxation subject to continuing monetary constraint. However, I am rather surprised by the last sentence in the article which urges that the relaxation should not take the form of "bogus public works".

Energy saving investment. A bogus public work is presumably one for which there is no need. It is true that some unproductive investment decisions have been made in the past, but can local authorities, health authorities and other such bodies be said to have invested heavily in buildings and works that were not needed? If further monies are made available for investment in public buildings and works this will provide facilities which will assist the community for many years to come, provide work for those who would otherwise be unemployed and also provide the stimulus to demand which Mr. Brittan wants.

Tax cuts are certainly necessary but expenditure in public buildings and works this year is likely to be one fifth below what it was in 1975, yet the need for such investment has not diminished.

Herman
Store Street, W.C.1.

Mr. Jon Blok
(December 15) discusses World economy. What's wrong with our economy? Referring to the following factors:

1. With improved productive methods, developed countries do not require the whole population to do to work necessary to look after the needs of that population. East with present working hours per person rather than hours per machine.

2. Developed countries have developed know-how less in direct competition both in terms of doing work at lower cost and supplying existing and new markets. Modern transport allows those more cheaply made goods to be shipped half way round the world at so low a unit carriage cost as hardly to affect the issue.

"Developed" also means trading unions and social security protected wage levels within the particular country, preventing international market forces from affecting those levels while the under-developed have neither protection, so workers work for low pay or starve.

Surely it is pointless discussing the world situation in terms relevant to an economic system which exists no more? Statesmen (where are they?) have not only to look beyond the sole of "country", but also limited communities, to the world. This means that the oil producers must allow their vast resources to be used in under-developed countries so that they become markets for the excess productive capacity of the developed countries.

A television set and a cash credit to every mud hut dweller will soon make him a potential buyer of all sorts of goods.

Jon Blok
Purville, Berke.

Sir—In his December 15 article Mr. Brittan surmises the balance of payments surplus of the OPEC countries as the major cause of the world economic malaise.

The problem arises because of the surplus countries use the U.S. dollar as their store of international value. This practice leads to a fatal contradiction. International liquidity is created, either directly through the U.S. balance of payments deficit or indirectly through the Euro dollar market, to satisfy the accumulation needs of the surplus countries. As Mr. Brittan points out the actual rate of creation has been, if anything, inadequate for the purpose of sustaining economic activity. As the same time, however, the build-up of balances—\$80bn. since the end of 1973—is relentlessly eroding confidence in the currency.

This conundrum can be solved very simply by an overt and deliberate restoration of gold as the prime international monetary asset. Investment of OPEC funds in gold would induce a sharp rise in the metal's price, a recovery in the gold mining industry (and not only in South Africa), and, through the familiar Keynesian process, a general recovery in "business" activity. In Keynesian terms, a direct link between savings and investment would be forged. The recovery would be accomplished without new additions to the tottering edifice of international indebtedness: indeed, the U.S. own international balance sheet "quick" ratio would be restored to a more respectable level.

Entrenched intellectual and political interests will resist this solution until the 13th hour, when market forces in the shape of an unstoppable run on the dollar will enforce it. In the meantime, however, unnecessary economic hardship will be inflicted on the non-Communist world, and severe and perhaps insupportable strains imposed on relationships between the major countries of the Western Alliance.

The tragedy is that many American economists and officials genuinely believe that their country's payments deficit is contributing to the general welfare by averting an even more severe business contraction. They are right—but only for a time.

P.D. Fells
10 Springfield Road,
Chelmsford, Essex.

shares themselves. The return on his holding is like a convertible debenture or a bond with warrants. If the company's results are good he does well through holding the shares. If they are bad, he has a limit to his downside risk just like a convertible debenture holder. The victims are clearly the investors who buy the shares of the insiders. They have effectively given away a put option without receiving the normal premium for doing so.

An insider who has the chance to buy shares before better than expected company results possesses a call option on the company's shares. Again, he has not paid for the option, and the effect is to reduce the value of the shares in the market. The victims in this case are the existing shareholders. The value to the insider of having the trading opportunity is thus the value of a double option.

The fact that allowing insider trading gives executives options on the company's shares points to a reconciliation with Professor Middleton's views. Make insider trading illegal, but encourage the practice of giving executives options, preferably call options, to purchase new shares by relaxing the income-tax disincentives to this practice. Effectively this legalises "controlled" insider dealing.

R. C. Stapleton,
Manchester Business School,
University of Manchester,
Booth Street West,
Manchester.

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Insider trading

From Professor R. C. Stapleton.

Sir—Professor Middleton's recent letter arguing against the general presumption that insider trading is bad and should be made illegal raises a number of interesting issues.

Many would disagree with his argument that the practice is justified by low executive pay. Similarly, tax evasion is surely not justified by high tax rates? However, whether or not I would not on this moral issue, I would not dispute a technical point like to dispute a technical point in his argument. Professor Middleton states that "there seems to be no victim" of insider trading. There certainly are victims, and as the City well knows, they are the investors in the market. It is important for the coming debate that the true nature and effects of insider trading are widely recognised.

All insider who holds shares and who has the chance to sell before the market actually reaches a put option on the shares of the company, as well as the

Grunwick decision

From The Chairman, British Legal Association.

Sir—All too predictably those champions of democracy within the trade union movement and the Labour Party are already demanding that the law as enacted by Parliament and declared by the Law Lords, should be amended to accord with what best suits the ambitions of trade unions. Mr. Roy Grantham, the secretary of Apex, which several Ministers of the Crown are, or were until recently, members is reported to have said "If someone can obstruct a body established by Parliament, the law will have to be amended." One wonders if he considered before making that remark what he was really suggesting? If his view is to be the accepted view then every body in the country, trade unionists as well, will have to do what they are told by every public official purporting to enforce the law as he sees it, notwithstanding that, as in the case of ACAS, he does not have the powers which he claims. That is the logic of Grantham's argument, the validity of which could only be accepted by a totalitarian government of whatever political complexion.

The welcome decision of the Law Lords in upholding, inter alia, the right of the individual to challenge the executive's interpretation of the law, and to refuse to be bound by the recommendations of any quasi-judicial Scamman type inquiry, comes as a breath of fresh air to all of those who, whatever their political beliefs (if any) cherish our ancient liberties.

The decision is as much in the true interests of trade unionists as individuals, as of any other persons. One trusts that they will pause to reflect why this should be so. Equally one hopes that the Liberal Party (of which I am not a member, as indeed

Engineers ignored

From Prof. Sir Hugh Ford, President, Institution of Mechanical Engineers.

Sir—The message conveyed by David Fishlock's article, "Mr. Wedgwood Benn spurs experts on nuclear policy" (December 9) is entirely compatible with that which the Institution of Mechanical Engineers itself has for some time been putting to the Government. The message, simply stated, is that when engineering projects are under discussion the Government far too frequently allows political considerations to take priority over those in which the knowledge, expertise and advice of professional engineers should be paramount. Indeed, it seems at times that only with the greatest reluctance will engineers be called in and consulted on matters concerning engineering.

In my speech at the Institution's Annual Dinner on November 10 (reported by Mr. Fishlock) I drew particular attention to our disappointment that Mr. Benn had not seen fit to include a representative of the Institution of Mechanical Engineers on the 23-man Energy Commission, while no fewer than seven members of the TUC's Fuel and Energy Committee were so included.

In these days of complex technological developments many of which could affect the health and safety of the public or which might influence the environment for many years ahead, it is essential that engineering considerations should have top priority. The counsels in which such major engineering projects are debated should thus contain a high content of engineers—and other professionals where appropriate—who fully understand the implications of the decisions taken. Then, and only then, should the supplementary aspects of such projects, such as their relationship with unemployment, with the economy, and so on, be examined. The priority must be to get our priorities right.

Hugh Ford.

1, Birdcage Walk, S.W.4.

To-day's Events

GENERAL
EEC Finance Ministers meet, Brussels.

EEC Foreign Ministers begin two-day meeting, Brussels.

TUC-Labour Party Liaison Committee meets.

TUC Finance and General Purposes Committee meets.

Fire Brigades Union leaders meet local authority employers.

Yorkshire area Council of National Unions of Mineworkers discuss local output incentive schemes, Barnsley.

Confederation of Shipbuilding and Engineering Unions expected to submit claim to Engineering Employers' Federation for new basic rate of £70 a week for craftsmen and £55 for labourers, plus phased introduction of 25-hour working week and longer holidays.

Air Commodore Sir Peter Vaneck, Lord Mayor of London, attends Institute of Chartered Secretaries and Administrators dinner, Guildhall, E.C.2.

OFFICIAL STATISTICS
Gross domestic product (third quarter, provisional). Basic rates of wages and normal weekly hours (November). Monthly index of average earnings (October).

COMPANY RESULT
Caravans International (full year).

COMPANY MEETINGS
See Week's Financial Diary on page 14.

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Opera
Royal Opera production of Le nozze di Figaro, Covent Garden, W.C.2, 7 p.m.

D'Oyly Carte Company in the Pirates of Penzance, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC
Carols by the City Singers, St. Mary Woolnoth, Lombard Street, E.C.4, 1.10 p.m.

Mr. Edward Heath MP conducts carol concert in aid of Queen's Silver Jubilee Appeal, Central Hall, Westminster, S.W.1, 8 p.m.

Handel's Messiah, performed by Goldsmith's Choral Union, conductor Brian Wright, with Felicity Lott (soprano), Ann

Murray (mezzo-soprano), Nigel Rogers (tenor), Brian Rayner Cook (bass), Michael Laird (trumpet) and Nicholas Kraemer (harpsichord), Royal Festival Hall, S.E.1, 7.30 p.m.

EXHIBITIONS
Michael Rowe sculptures in silver, Crafts Advisory Committee's Gallery, 12, Waterloo Place, S.W.1 (until January 21).

Laser Exhibition, Science Museum, Exhibition Road, S.W.7 (until January 31).

Sir Thomas More—his Life and Work, National Portrait Gallery, St. Martin's Place, W.C.2 (until March 12).

SPORT
Show jumping: Olympic International Championships.

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COMPANY NEWS

Hanson to invest more in U.S.

THOUGH Hanson Trust has wholly-owned and percentage stakes in U.K. investments actively under review, the directors consider that the time is right to make the U.S. the company's prime investment area. Sir James Hanson, the chairman, says in his annual report.

The latter stages of a sluggish economy, comparatively low stock market prices and, above all, the fundamental industrial strength of the giant market, make it vital for the company to press on to complete the present stage of its development in America, he says.

As known, since the end of 1976-77 the U.S. subsidiary Hanson Industries has made a \$30m. tender offer for all the shares of Interstate United Corporation, a Chicago-based food service. The offer has already received 85 per cent. acceptance and the directors expect to acquire complete ownership in due course.

Reporting on existing U.S. activities, Sir James says, the natural and synthetic casings business of Hygrade had another successful year operating through its outlets in the U.S. Canada, Australia, New Zealand, Germany and the U.K. Overall, the outlook for this company is very promising.

Indications for 1977 at American Farm Products, Seacoast, are of a lower catch with oil yield down, due to no small part to appalling weather conditions. In addition the high protein prices at the start of the season were not sustained so profit in the current year will be lower.

Over the long term Seacoast

will, however, continue to provide an excellent return on the group's investment and capital employed, the chairman predicts.

Carlbrook, the Industrial services division, did well during the year and continuing growth is expected. The sale of the Bucilla business, in July, for \$18.1m., enabled the subsidiary to cut its bank borrowings by nearly half. These borrowings were further substantially reduced by the placement of \$15m. 9½ per cent. 1992 Notes with Prudential Assurance Company of America.

As reported on December 8 on sales ahead from \$322.2m. to \$477.4m. the group's taxable profit for the year to September 30, 1977, expanded to 224.4m. (\$19.2m.).

The net dividend is raised to 1992 Notes with Prudential Assurance Company of America.

Capital spending amounted to \$2.1m. (same) of which \$0.8m. (\$0.8m.) had been authorised but not contracted.

Looking at its U.K. operations Sir James says that the group now has a very good milling business and is seeking further expansion opportunities.

The agricultural equipment distribution companies maintained their previous profit levels during 1976-77 but were frustrated by delays in deliveries from suppliers. This problem lasted longer than expected, but given a consistent supply, this year should see a return to normal growth patterns.

At Butterly Building Materials profit was depressed \$3.5m. last time because of con-

tinuing lack of Government and local authority investment, particularly in house building, but this company has capacity available to increase production when economic conditions improve, the chairman adds.

Meeting, Great Eastern Hotel, EC, on January 18 at 11.30 a.m.

comment

Hanson hardly needs to reaffirm its policy of concentrating new investment in the U.S. It has just attracted 85 per cent. acceptance for its take-over of Interstate United Corporation, a deal worth over £16m., and two weeks ago it released details of a proposed merger between its Hygrade Food subsidiary and Bluebird Inc. If that goes through—though there may be anti-trust complications—Hanson will have a half share in a major U.S. foods group quoted in New York. The latest accounts show that nearly 82 per cent. of profits came from U.S. activities while 61 per cent. of net worth and \$37.7m. of its \$42.8m. of loan capital is also accounted for in the U.S. Hanson has restructured its U.S. debt with the \$8.7m. sale of Bucilla to Armour-Dial. U.S. bank loans repayable within five years are down from \$35.5m. to \$16.4m. and it has taken on another \$11.5m. of long-term U.S. debt. Total loan capital is nearly \$10m. lower at \$42.8m. which is less than £1m. above liquid assets. At 154p the group's market capitalisation is over £100m., the p/e is 7.8 and the yield is 6.2 per cent.

The group, which already produces about 40 per cent. of its own maltings, intends to raise this proportion to some 75 per cent. through the expansion with Shubert Maltings and plant and modern plant and handling facilities, and modernisation of maltings at Alloa, Scotland, at a cost of £10m.

A large factory recently acquired at Mechelen, Belgium, modern packaging plant, also costing £10m., is being installed to provide a new packaging capacity to meet future expected demand for group products.

In addition a further £16m. will go to improving and expanding group production facilities.

On external sales up £103m. at £904.5m. taxable profit for the year to September 30, 1977, jumped from £58.5m. to £90.4m. as reported on December 2, 1977. Exports from the U.K. amounted to £10.5m. (£7.2m.). The net dividend is stepped up to a maximum permitted £4.250p (£4.350p).

At year end net liquid funds were £5.4m. net (£3.9m.) with bank overdrafts down from £18.5m. to £10.1m.

The directors note that publication of the Hygrade proposals for late for application to the latest accounts but they intend to include an adjusted statement next year.

In spite of supply problems

Bass sales hit by stoppage

SALES FOR the first few weeks of the current year at severely affected by an unofficial stoppage in the North West, and were down against the same period of last year. Even so the directors are hopeful that the company will be able to recover to some extent, from this disappointing start. Mr. Derek Palmer, the chairman, tells members.

Increased capital spending is planned by the group for the year. Already £20.8m. has been allocated, compared with the £17.4m. spent during the whole of 1976-77.

However, the chairman warns, in the context of the Price Commission's report on the brewing industry, that unless the company is allowed to increase earnings by operating reasonably and efficiently in the market, it will meet the cost of replacing worn-out assets and to provide new investment.

The continued investment of cash flow includes the extension of production capacity, improvement of the licensed estate and of the amenities offered to customers.

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In spite of supply problems

Midway profit fall at Cullen's

Turnover for the 26 weeks to August 31, 1977, of Cullen's Stores rose from £18.7m. to £21.1m., but pre-tax profits fell from £173,891 to £118,217 including rents of £49,410 against £45,114, but after mortgage and interest payments of £28,100 and £27,100. A surplus on disposal of properties adds £12,382 (£17,891).

In the comparative figures bank interest on overdrafts relative to the rebuilding of the Dorking warehouse amounting to £5,500 was not charged against the profits for the full year, when pre-tax profits were £242,008. Total interest charged was included under mortgage and interest.

The directors say the half-year's result is very disappointing but reflects the difficulties facing the trade, and they do not anticipate them getting any easier until next year.

Consideration will be given to payment of the May interim dividend when they have had the benefit of the Christmas trade. A first interim of 0.5p (0.6p) was announced in November. The total for the last year was 4.5p.

In the meantime every effort will be made to stop the erosion of profits by expenses where they have some control over them.

The group's surveyors have been instructed to value the property on a current use basis and the valuation will be reflected in end of year accounts. No depreciation has been charged on freehold and long-leasehold properties.

Mr. W. K. Rogers is to retire as managing director on February 25, 1978, but has agreed to remain as chairman for a further year. Mr. Peter Chen will succeed him as managing director from March 1, 1978.

Plysu off at halftime but demand growing

TAXABLE PROFIT of plastic container and domestic ware shot well below 20 per cent. of the group total. However it has been a profitable activity in the past and the directors feel sure that expansion will return when the customer has more money to spend.

The directors say that in the past year they have spent £16m. on extra plant machinery and buildings. The result should be production capacity well able to meet a continuing growth in demand and they believe that the terms results should compare favourably with the record of £81,000 for 1976-77.

Interim dividend is stepped up from 0.48p to 0.5425p net and after waivers on 661,400 shares (781,400).

During the previous year's final was 0.7525p per 10p share. Half-year container sales of £4.75m. (£3.2m.) fell short of forecast due to the cold summer which caused a premature shut-down in the soft drinks market, states the directors.

However demand for its compact range, which is the most important part of the company's blow moulding activity, was buoyant and at times the company was unable to satisfy its customers. Additional machinery, May, arrived late and was not effective until well into the second quarter, the directors add.

Demand for the larger containers was at a satisfactory level throughout the summer and has now grown to the point where the company is considering further moulding machinery. At present the group supply relies on a modest proportion of the market and the directors intend to expand in this area during 1978.

Housewares has not shown any growth so far this year and sales

Marlaheath Plastics to close

MR. MARTIN SPENCER of Stoy Hayward and Co., the receiver and manager who was appointed some weeks ago in Marlaheath Plastics, has decided to close trading at the company's premises as from December 22.

About 160 employees will lose their jobs. The various unions involved have been kept closely informed of all developments and have recognised that there is no alternative to closure of the business.

No acceptable offer had been received for the whole business, said Mr. Spencer, but there were a number of offers for specific items of plant and equipment and these are being closely considered by both the receiver and his professional advisers.

Chemring makes £0.27m. after second half upturn

After falling from £21,000 to £107,100 in the first half, pre-tax profits of Chemring finished the year to September 30, 1977, as £241,400, compared with £157,500 of £21.1m. compared with £1.57m.

Earnings are shown at 5.3p (5.8p) per 5p share and the dividend is lifted from 1.5p to 1.8p (1.8p) with a final of 0.585p.

Profits included £4,400 (loss £1,900) from associates, a transfer from revaluation surplus of £2,400 (same) and interest received of £74,200 (£56,500) but was struck after an exceptional item of £22,700 (£49,400).

Export sales were substantially higher at £55,905 (£44,778) during the year. Vauxhall Reflex was acquired for £85,000. This company manufactured specialised protective clothing, life-saving equipment, electronic measurement apparatus and radar reflectors for meteorological purposes. The additional sales and pre-tax profit included in the results attributable to the acquisition amounted to £242,005 and £16,000 after costs.

Sir Ronald Fairhead, the chairman, says the company being a high exporter will continue seeking further to improve export

sales. This, however, depends to an important extent on the progress being made to improve the competitiveness of the British economy. On the basis that such progress will continue, the company should achieve further increases in sales and profits next year.

Noyapara Tea

Noyapara Tea Holding announces the receipt of a profit remittance from Bangladesh and will be meeting shortly to consider how the funds received can be made available to shareholders to best advantage.

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Background to the battle

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

ONE TWIST in the protracted £52,000 a year management day's EGM merely resolves a three-day battle for control of Estates and General Investments.

General Investments should be the sale of 29.9 per cent. of the shares of Estates and General Investments to the Davidson family.

At today's meeting E & G's shareholders would have signed with legal permission to allow the £2m. pro-rata sale of the shares of Estates and General Investments to the Davidson family.

But the £2m. pro-rata sale of the shares of Estates and General Investments to the Davidson family would have been a major shareholder's move in the form of a vote in favour of the sale of the shares of Estates and General Investments to the Davidson family.

At that time the death of Mr. Lionel Davidson, E & G's managing director, had left the company rudderless in a grossly more difficult property market. Mr. Davidson's widow and the group's chairman, Sir James Hanson, had been the fort as made worrying reading, his well as they could. But without a balance sheet proved to be an experienced property manager, even greater shambles had been E & G's financial collapse. Under E & G's management, the company had been a success story.

Reverse bid

Loans to associate companies end to speculative developments, and to an alarming drain on resources. Pre-tax profits, which peaked at £1m. in 1972, fell to a pre-tax loss of £133,000 in 1974 before an extraordinary dividend of £255,000.

Mr. Davidson moved to resolve the management problem by arranging for the sale of a 29.9 per cent. shareholding in E & G to the Davidson family.

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ONE TWIST in the protracted £52,000 a year management day's EGM merely resolves a three-day battle for control of Estates and General Investments.

General Investments should be the sale of 29.9 per cent. of the shares of Estates and General Investments to the Davidson family.

At today's meeting E & G's shareholders would have signed with legal permission to allow the £2m. pro-rata sale of the shares of Estates and General Investments to the Davidson family.

But the £2m. pro-rata sale of the shares of Estates and General Investments to the Davidson family would have been a major shareholder's move in the form of a vote in favour of the sale of the shares of Estates and General Investments to the Davidson family.

At that time the death of Mr. Lionel Davidson, E & G's managing director, had left the company rudderless in a grossly more difficult property market. Mr. Davidson's widow and the group's chairman, Sir James Hanson, had been the fort as made worrying reading, his well as they could. But without a balance sheet proved to be an experienced property manager, even greater shambles had been E & G's financial collapse. Under E & G's management, the company had been a success story.

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Mr. Davidson's widow and

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the accompanying Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. given in the column headed "Announcement last year." Preliminary figures usually accompany final dividend announcements.

Date	Announcement last year	Date	Announcement last year
Dec. 19	Final 1.25	Dec. 21	Final 1.25
Dec. 21	Final 1.25	Dec. 23	Final 1.25
Dec. 23	Final 1.25	Dec. 25	Final 1.25
Dec. 25	Final 1.25	Dec. 27	Final 1.25
Dec. 27	Final 1.25	Dec. 29	Final 1.25
Dec. 29	Final 1.25	Dec. 31	Final 1.25
Jan. 1	Final 1.25	Jan. 3	Final 1.25
Jan. 3	Final 1.25	Jan. 5	Final 1.25
Jan. 5	Final 1.25	Jan. 7	Final 1.25
Jan. 7	Final 1.25	Jan. 9	Final 1.25
Jan. 9	Final 1.25	Jan. 11	Final 1.25
Jan. 11	Final 1.25	Jan. 13	Final 1.25
Jan. 13	Final 1.25	Jan. 15	Final 1.25
Jan. 15	Final 1.25	Jan. 17	Final 1.25
Jan. 17	Final 1.25	Jan. 19	Final 1.25
Jan. 19	Final 1.25	Jan. 21	Final 1.25
Jan. 21	Final 1.25	Jan. 23	Final 1.25
Jan. 23	Final 1.25	Jan. 25	Final 1.25
Jan. 25	Final 1.25	Jan. 27	Final 1.25
Jan. 27	Final 1.25	Jan. 29	Final 1.25
Jan. 29	Final 1.25	Jan. 31	Final 1.25

Public Works Loan Board rates

Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. Equal instalments of principal & equal repayments. Effective from December 17

Years	by EIP†	by EIP†	Non-quota loans A* repaid	Non-quota loans B* repaid
5	9	9	101	101
10	9	9	101	101
15	9	9	101	101
20	9	9	101	101
25	9	9	101	101

RECENT ISSUES

EQUITIES

Stock	1977		Shack	Closing Price	Change 1976-77	Div. P. n Amount	Times Interest Covered	Yield Percent	P. E. Ratio
	High	Low							
W.P.	—	395	ARGO (RO. O.)	595	+ 10	750	2.3	2.3	8.5
W.P.	—	114	Farmer S.W.	114	—	67.00	2.3	2.3	8.5
W.P.	85	51	Briden L.S.	52	—	65.00	2.3	2.3	8.5
W.P.	9711	2874	1.35.3, Sept. 1977	286	+ 10	97.3	2.7	2.3	5.7

OVERSEAS MARKETS

EUROBONDS

After the Bundesbank measures

BY MARY CAMPBELL

THE MOST important development last week was the Bundesbank's introduction of measures to hinder inflows of foreign currency into Germany. Developments on Friday—the measures were announced late on Thursday afternoon—suggest that they are resulting in an intensified demand for D-mark and Swiss franc international bonds, just as there were signs of a slowdown.

In detail the measures affecting the bond markets are as follows: a ban on foreign purchases of domestic D-mark bonds with a lifetime of between two and four years; a requirement that from January 1 banks in Germany should place reserves with the Bundesbank equal to any increase in deposits they receive from foreigners over the average figure for September 16 to December 16 of this year.

Rise in prices

The result of the announcement of these measures was a rise in prices and turnover in foreign D-mark foreign bonds, both late on Thursday and on Friday, and a big rise in prices of Swiss franc foreign bonds.

Swiss franc issues to general moved up about half a point between Thursday and Friday. Thus, among recent issues, the Electricite de France 4½ per cent rose from 101½ to 102½ and the Brazil 5 per cent from 99½ to 100½.

These developments at the tail end of the week followed a depressing period in the dollar sector where a continuing run-down in activity and dealing positions was accompanied by reports of retail selling, particularly from Switzerland.

The dollar ended last week at Swfrs.2068, down from Swfrs.2138 the previous Friday. Against the D-mark the dollar

rate fell from DM2.1907 to DM2.1415.

With these kinds of falls continuing the fact that U.S. money supply has been behaving better than for weeks together earlier in the year is of relevance only insofar as sharp increases, which would presumably have been accompanied by further rises in U.S. interest rates, would have made dealer positions absolutely unsupportable. Dealers are still able to finance their books at a profit.

No one is now expecting significant new issue announcements until after Christmas.

Issue prospects

As far as the New Year is concerned, while the prospects for straight bonds are clouded there seems no doubt but that there will be several floating rate issues early in the year.

The most notable of these will be a placement of some \$180m. of floating rate notes for Venezuela. A mandate to arrange the offering has been given to Bank of Credit and Commerce International, the Middle East owned bank in which Bank of America has a substantial minority stake.

Details have still to be settled, but it seems that the placement

will be mainly in the Middle East. Although described as a placement, the structure is expected to include a selling group with a secondary market being maintained.

Last week saw some recovery in the sterling Eurobond issues. Although all but one of these are still quoted at big discounts from their offering prices, they have picked up considerably from the low levels of immediate after-market trading. Dealers said that there was small scale but steady buying interest in these bonds last week.

Approximate prices are set out below, together with the original issue prices of each bond.

Issue	price	Dec. 16
ECSC	100	994-1001
Total	100	964-71
FFI	99½	964-7
EIB	99½	97-73
Fisons	100	974-81
Courtaulds	98	954-61

It can be seen from the table that the discounts still remain large, even in cases except the European Coal and Steel Community for selling group members to be showing a book loss.

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CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
U.S. Steel	100	1992	7	7	100	Morgan Stanley	9.00
U.S. Steel	50	1984	Bullet	8½	100	Morgan Stanley	8.25
U.S. Steel	50	1988	Bullet	5.5	82	Wentz	-
SNCF (France)	40	1984	Bullet	8½	-	Orion	-
SNCF (France)	500	1990	1	8½	-	UBS (Securities)	-
SNCF (France)	100	1992	9.9	6	-	CCF	-
National Financiera	25	1985	5.6	8	discount	Arab Fin. Corp.	-
Privat Bank	50	1985	Bullet	8½	-	S. of Aint.	-
EIB	50	1985	Bullet	8½	-	BAI	-
D-MARKS							
U.S. Steel	150	1990	9.5	6½	99½	Dresdner	6.33
U.S. Steel	150	1985	Bullet	5½	100	Dresdner	5.71
U.S. Steel	100	1992	10.5	6½	-	Bayerische Vereinsbank	-
U.S. Steel	100	1986	Bullet	8	-	Bay. Hyp. und Wech. Bank	-
U.S. Steel	50	1988	Bullet	8	-	Deutsche	6.32
U.S. Steel	100	1988	Bullet	6½	-	Bayerische Vereinsbank	-
U.S. Steel	40	1985	Bullet	7½	-	-	-
SWISS FRANCS							
U.S. Steel	50	1992	na	4½	99½	Credit Suisse	4.35
U.S. Steel	80	1993	na	4½	100	Credit Suisse	4.50
U.S. Steel	20	1990	na	5	100	Bank von Ernst	5.00
YEN							
U.S. Steel	20	1987	9	7	99.45	Nomura	na
U.S. Steel	500m	1992	12.3	4.80	99.9	Yamachi	na
U.S. Steel	200m	1989	9.9	4.80	99.9	Yamachi	na
U.S. Steel	150m	1987	9	6.70	99.70	Nomura	na
KUWAITI DINARS							
U.S. Steel	7	1982/7	-	8½	100	KIC	8.39

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Borrowers	Amount m.	Maturity	Av. life years
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[illegible]

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HOTELS—Continued

AMERICANS—Continued

[illegible]

BUILDING INDUSTRY—Cont

[illegible]**DRAPERY AND STORES—Cont.**[illegible]

ENGINEERING—Continued

[illegible]

INDUSTRIALS

[illegible]****BRITISH FUNDS**

Interest Due	Stock	Price £	Last Bid	Yield Int. Br
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ports" (Lives up to Five Years)

135E	1510 Treasury Spc 188124	100%	98	4.99
136	1410 Treasury Spc 188125	98%	97	10.22
137	1410 Treasury Spc 188126	98%	97	10.22
26M	26S3 Exch Spc 187671	100%	98	10.95
3S	26S4 Treasury 11gc 7470	100%	98	10.95
3S	26S4 Treasury 11gc 7471	100%	98	10.95
3S	26S4 Treasury 11gc 7472	100%	98	10.95
26M	26S4 Electric 4gc 7473	100%	98	10.95
131	11N Treasury 10gc 7474	100%	98	10.12
131	11N Treasury 10gc 7475	100%	98	10.12
15M	15N2 Electric 3gc 7504	100%	98	12.4
3S	30S Treasury Spc 188041	100%	98	12.4
3S	30S Treasury Spc 188042	100%	98	12.4
14N	14E Treasury Spc 188043	100%	98	12.4
14N	14E Treasury Spc 188044	100%	98	12.4
15D	15S Pending 4gc 750822	95%	95	5.46
25M	25S1 Schenckspc 188024	100%	100	11.91
137	153A Treasury 11gc 188121	100%	98	10.95
13A	15F Treasury Spc 187541	97%	97	9.65
137	153B Treasury Spc 188122	100%	98	10.95
137	153C Treasury Spc 188123	100%	98	10.95

CANADIANS

[illegible]

SALES AND HIRE PURCHASE

[illegible]

Updated

1F	1A Consols 4pc	37 3/8	27 1/8	11.68
1J	1D War Loan 2pc	36	24	9.77
1A	10 Conv. 3pc 51 A2	39 1/8	25 1/8	9.37
5A	50 Treasury 3pc 65 A2	27 1/2	19 1/2	11.16
51A	51A Ju. Consols 2pc	23 1/2	15	10.01
1A	10 Consols 4pc	23	25 1/8	11.13

INTERNATIONAL BARRIERS

15F	15A	5pc Stock 77-82	87.4	8.7	5.73
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***CORPORATION LOANS**[illegible]

MONWEALTH & AFRICAN L

1A	10	**Aus. 5-cp 75-78	97-98	31.8	5.48
1J	1J	**Do. 5-cp 77-80	93-94	31.5	5.90
1A	1J	**Do. 5-cp 78-81	95-96	31.8	6.42
11D	11D	**N. 2-cp 1875-78	96-97	11.9	6.15
28F	28A	**Do. 6-cp 76-80	5-6	28.7	4.26
15J	15D	**Do. 7-cp 81-84	85-86	16.5	8.77
1M	1M	S. Afr. 4-cp 79-81	50	28.3	10.68
1A	10	S. Afr. 2-cp 65-70	53	7.5	-

LOANS

[illegible]

FOREIGN BONDS & RA

[illegible]

AMERICANS

[illegible]

BUILDING INDUSTRY, TIMBER

AND ROADS									
30	June	Nov.	Essexboro Cent.	33	131	14.23	74	65	1.7
29	June	Nov.	Essexboro Cent.	340	22	14.11	74	65	1.7
28	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
27	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
26	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
25	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
24	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
23	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
22	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
21	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
20	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
19	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
18	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
17	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
16	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
15	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
14	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
13	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
12	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
11	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
10	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
9	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
8	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
7	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
6	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
5	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
4	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
3	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
2	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7
1	June	Nov.	Essexboro Cent.	140	22	14.11	74	65	1.7

May	Sept.	Billings & Co. 2p	16	98	1.04
Feb	Sept	Boonville EO	121	55	0.98

[illegible]

35.1	Apr.	Aug.	Brown & Dawe	82	11.7	4.38	3.6	8
2.9	Apr.	Sept.	Brown John 51	247	8.8	7.92	5.6	4

7	26	Aug	Salisbury Md	54	21	23	1	10	5
10	26	Aug	Salisbury Md	54	21	23	1	10	5
11	26	Feb.	Arden Park Rd	54	21	21	1	10	5
12	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
13	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
14	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
15	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
16	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
17	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
18	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
19	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
20	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
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23	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
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26	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
27	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
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36	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
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40	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
41	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
42	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
43	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
44	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
45	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
46	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
47	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
48	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
49	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
50	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
51	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
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73	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
74	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
75	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
76	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
77	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
78	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
79	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
80	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
81	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
82	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
83	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
84	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
85	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
86	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
87	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
88	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
89	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
90	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
91	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
92	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
93	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
94	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
95	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
96	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
97	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
98	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
99	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5
100	1	Jan	Fish. Chamford Bay	54	21	23	1	10	5

May	Jan	Lovell (G.F.)	19	774	-	-
		Low (Wm.) 20p...	124	2833	55	2

Dec.	July	June 23	10
Nov.	May	May 1	10
Oct.	Apr.	Mar. 29	10
Sept.	Mar.	Mar. 22	10
Aug.	Nov.	Mar. 15	10
July	Aug.	Mar. 8	10
June	July	Mar. 1	10
May	June	Feb. 24	10
April	May	Feb. 17	10
March	April	Feb. 10	10
Feb.	March	Feb. 3	10
Jan.	Feb.	Jan. 27	10
Dec.	Jan.	Jan. 20	10
Nov.	Dec.	Jan. 13	10
Oct.	Nov.	Jan. 6	10
Sept.	Oct.	Dec. 30	10
Aug.	Sept.	Dec. 23	10
July	Aug.	Dec. 16	10
June	July	Dec. 9	10
May	June	Dec. 2	10
April	May	Nov. 25	10
March	April	Nov. 18	10
Feb.	March	Nov. 11	10
Jan.	Feb.	Nov. 4	10
Dec.	Jan.	Oct. 28	10
Nov.	Dec.	Oct. 21	10
Oct.	Nov.	Oct. 14	10
Sept.	Oct.	Oct. 7	10
Aug.	Sept.	Sept. 30	10
July	Aug.	Sept. 23	10
June	July	Sept. 16	10
May	June	Sept. 9	10
April	May	Sept. 2	10
March	April	Aug. 26	10
Feb.	March	Aug. 19	10
Jan.	Feb.	Aug. 12	10
Dec.	Jan.	Aug. 5	10
Nov.	Dec.	July 29	10
Oct.	Nov.	July 22	10
Sept.	Oct.	July 15	10
Aug.	Sept.	July 8	10
July	Aug.	July 1	10
June	July	June 24	10
May	June	June 17	10
April	May	June 10	10
March	April	June 3	10
Feb.	March	May 27	10
Jan.	Feb.	May 20	10
Dec.	Jan.	May 13	10
Nov.	Dec.	May 6	10
Oct.	Nov.	Apr. 29	10
Sept.	Oct.	Apr. 22	10
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July	Aug.	Apr. 8	10
June	July	Apr. 1	10
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April	May	Mar. 18	10
March	April	Mar. 11	10
Feb.	March	Mar. 4	10
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Sept.	Oct.	Jan. 30	10
Aug.	Sept.	Jan. 23	10
July	Aug.	Jan. 16	10
June	July	Jan. 9	10
May	June	Jan. 2	10
April	May	Dec. 26	10
March	April	Dec. 19	10
Feb.	March	Dec. 12	10
Jan.	Feb.	Dec. 5	10
Dec.	Jan.	Nov. 28	10
Nov.	Dec.	Nov. 21	10
Oct.	Nov.	Nov. 14	10
Sept.	Oct.	Nov. 7	10
Aug.	Sept.	Oct. 31	10
July	Aug.	Oct. 24	10
June	July	Oct. 17	10
May	June	Oct. 10	10
April	May	Oct. 3	10
March	April	Sept. 26	10
Feb.	March	Sept. 19	10
Jan.	Feb.	Sept. 12	10
Dec.	Jan.	Sept. 5	10
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Oct.	Nov.	Aug. 22	10
Sept.	Oct.	Aug. 15	10
Aug.	Sept.	Aug. 8	10
July	Aug.	Aug. 1	10
June	July	July 25	10
May	June	July 18	10
April	May	July 11	10
March	April	July 4	10
Feb.	March	June 27	10
Jan.	Feb.	June 20	10
Dec.	Jan.	June 13	10
Nov.	Dec.	June 6	10
Oct.	Nov.	May 30	10
Sept.	Oct.	May 23	10
Aug.	Sept.	May 16	10
July	Aug.	May 9	10
June	July	May 2	10
May	June	Apr. 25	10

September	Add It In	10
July	Bored (1 Pt. 10)	7.5
Dec.	Just Don't Wake Up	5
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Johnston & Barnes	32	FL
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23	Oct.	Apr.	Johnson City	647	52	43.99
24	Feb.	Aug.	Johnson City	447	12	12.99
25	Nov.	Jan.	Johnson City	37	12	12.44
49	May	Dec.	Kalamazoo	39	13	14.55
62	June	Jan.	Kalamazoo	112	12	12.11
64	Apr.	Oct.	Kalamazoo	21	8	7.58
65	Nov.	Apr.	Kalamazoo	925	13	14.31
66	Dec.	Aug.	Kalamazoo	27	12	12.51
67	Jan.	Aug.	Kalamazoo	27	12	12.52
68	Mar.	Aug.	Kalamazoo	86	28	31.36
69	Apr.	Aug.	Kalamazoo	30	28	31.36

Impressos

FINANCE LAND—Continued[illegible][illegible]

Morgan Guaranty withdraws from \$150m. Euroloan

BY MARY CAMPBELL

MORGAN GUARANTY and First National City Bank are among banks which have withdrawn from a major Euroloan just before it was signed. The loan in question is a \$150m, eight-year deal for the Brazilian Light Services utility. The reason for the banks' withdrawal was dissatisfaction with some of the legal aspects of the loan, the clauses on arbitration and jurisdiction.

Such a withdrawal at a late stage is most unusual in the Euroloan market and is likely to highlight the growing controversy over legal aspects of Euroloan lending. The loan signing went ahead as planned. Indeed, the lead manager, Westdeutsche Landesbank of Düsseldorf, said that the loan "scored a notable success" with more than 80 per cent being sold in the market in spite of the withdrawal of some banks at the last minute.

According to City sources, the provisions of this loan do not differ fundamentally from provisions which have been contained in previous loans to Brazilian borrowers. However, it seems that Brazil has in the past achieved more favourable conditions than other international borrowers on

arbitration and jurisdiction questions.

To some extent, therefore, the developments over the Light Services loan may be represented as a hardening of attitudes by the banks which withdrew.

Controversy

The controversy comes at a time when Britain is changing its law on sovereign immunity—the immunity of States from being sued in the courts—one of the points at issue in the Light Services case.

The change is embodied in a Bill which had its first reading last week. It will have its second reading in the House of Lords in January.

The key clause is one which says that if there has been a prior written agreement between a State and a lender, then that State will not be immune from suit in a British court. International loans involving governments as borrowers or guarantors regularly include clauses whereby the State concerned waives its sovereign immunity.

However, until now, such waivers have not had legal

validity in English courts (although they have been considered valuable from other points of view).

This has been the case even when a State was clearly acting in a commercial role rather than as a "sovereign" in the traditional sense.

Most international loans have traditionally been drawn up under English law. However, since last year there have been moves to draw up more loan agreements under American jurisdiction to take advantage of a new law introduced in the U.S. in 1976.

This says explicitly that waivers of sovereign immunity in advance make it possible to sue governments in the U.S. law courts.

This trend had been of concern to the City and the authorities since it involved loss of earnings by the City lawyers, most of them foreign exchange earnings and thus a contribution to the balance of payments.

The proposed change to the law will also be of major importance to leading banks which have been transferring (or thinking of transferring) their lending business to U.S. jurisdiction and to State borrowers which have always thought that the clause

waiving sovereign immunity was nothing more than a gesture.

The change will be retrospective in the sense that waivers included in loan agreements signed before the Bill becomes law will be given legal validity.

The degree of concern fell by some banks on these kinds of issues can be seen from the following statement, issued on Friday by Morgan Guaranty, in connection with the Light Services loan:

"In international loan transactions we believe it is very important in the exercise of sound banking practice that the banks preserve the rights to exercise their legal remedies under the laws of any appropriate jurisdiction. In the 'Light' transaction, the guarantor refused to accept a provision in the loan agreement that would make it clear that the lenders are not renouncing their rights under the guarantor's laws and the laws of any jurisdiction outside Brazil."

The guarantor took the position that Brazilian courts would be the only forum for the enforcement of any of the lender's rights under the guarantee, including those obtaining pursuant to arbitration. We felt this was not an acceptable limitation on the lenders' rights."

Meeting on fire strike promises little

By Nick Garnett, Labour Staff

THE MEETING TO-day between employers and officials of the Fire Brigades Union seems likely to produce a quick settlement of the dispute, which is now in its sixth week.

Employers will tell the union that not only will there be no improvement on the immediate 10 per cent pay offer but that there will be no change on the proposed two-year phasing for extra money to bring firemen's wages in line with those of the rest of the public sector.

Nothing will be offered to the way of increasing the relative size of the first cash payment under the two-year phasing nor on shortening the period over which the extra payments would be made.

'Very limit'

The firemen are still out for an immediate pay rise above 10 per cent, although an offer by the employers to improve the proposed long-term pay deal might be enough to tempt the executive to recall the national conference which called for the strike.

Mr. Brian Rusbridge, the employers' negotiator, said yesterday however that what had been offered was "at the very limit" of what the Government was prepared to underwrite.

Mr. Rusbridge and Mr. Terry Barry, the union's general secretary, met at the weekend to clarify points but there was no contact between the local authority employers and the union's secretary.

Mr. Rusbridge said: "We know how far the Government is prepared to go."

There is certainly to be a good deal of discussion on the ancillary points connected with the offer, which the union has objected to.

Union's rules

Union officials say they are opposed to a three-shift pattern where the day shift would be reduced to 10 hours a week to implement a 42-hour week is introduced. The local authorities say nothing has been decided on that and it is open to negotiation when the agreement in principle on a shorter working week is concluded.

The union also says that the proposed "no victimisation" clause in any settlement of the dispute would be a gross interference with the union's rules, which allow for the disciplining of members.

With the prospect of the strike dragging on into the new year union officials will see Mr. Stanley Orme, the Minister at the Department of Health and Social Security, following assurances that departmental officials are being over-tough on the payment of social security and other benefits to firemen and their families.

The firemen are also planning a further move to the "TUC" general council on Wednesday.

THE LEX COLUMN

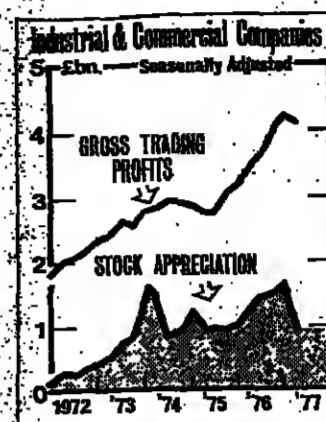
A perplexing year for companies

For the corporate sector 1977 has been a year in which neither the optimists nor the pessimists have been able to gain consistent satisfaction. From the outset point of view it has been a disappointing year: when production for the domestic market was stepped up slightly in the early months, goods began to pile up embarrassingly in the warehouses, especially in the second quarter, and the brakes were subsequently slammed on. But the financial trends have been more satisfactory. Profits have been rising, admittedly at a slower pace in recent months, and the destocking moves since the early summer have probably allowed the sector to swing back into financial surplus. In terms of liquidity and gearing the corporate sector looks to be in a healthier state than for some years.

Stock appreciation

The profits pattern has, of course, been confusing. It took the stock market by surprise when, in September, companies like GKN and Dunlop began to produce poor figures, and some of the companies themselves appear to have been caught napping. But it ought to have been predictable, for a sharp fall in stock appreciation, which had been glamorous published words needed here. For one thing, the company sector statistics are being distorted by the rapid build-up of North Sea cash flows and profits. Excluding the sale of oil, the rate of stock appreciation was up of 23 per cent in the first half of 1977, were down to 9 per cent by the first half of 1977, less than the rate of inflation. Meantime the rate of return on capital being earned by British industry remains very poor—some 3.3 per cent in 1976 according to the latest official calculation, on the basis of replacement costs.

Stock appreciation was therefore still very high in the first quarter of 1977—in money terms, at £1.63bn. It was only just under the peak recorded for January-March, 1974 (although in real terms it was, of course, much less serious). In the second quarter the figure dropped to £0.95bn, however chopping a huge sum out of reported profits, and a further big decline seems certain, to be indicated when the third quarter statistics are published shortly. But the impact of declining inflation on company profits is only an accounting phenomenon, not a real one. The real profits trend, which is much more in tune with corporate liquidity



Industrial & Commercial Companies
£ bn. — Seasonally Adjusted

flows, has been quite different. In the second quarter of this year the gross trading profits earned in the U.K. by industrial and commercial companies rose by 15 per cent on a year earlier, the 30 per cent plus growth rate which had been recorded in preceding quarters. But in the same quarter trading profits net of stock appreciation jumped by 42 per cent, about double the year-on-year rate achieved for some quarters previously.

So the quantity of profits may be under pressure, but the quality is improving. There are, however, several cautionary words needed here. For one thing, the company sector statistics are being distorted by the rapid build-up of North Sea cash flows and profits. Excluding the sale of oil, the rate of stock appreciation was up of 23 per cent in the first half of 1977, were down to 9 per cent by the first half of 1977, less than the rate of inflation. Meantime the rate of return on capital being earned by British industry remains very poor—some 3.3 per cent in 1976 according to the latest official calculation, on the basis of replacement costs.

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World trade

And while the outlook for domestic profits may remain moderately good, in the expectation of more buoyant U.K. demand next year, the overseas profits picture has deteriorated seriously. Industrial production in the OECD countries has stagnated since January this year (outside the U.S. it has declined) and the National Institute has recently revised its 1977 forecast of the growth in world trade in manufactured goods down from 6 per cent to 3 per cent. That compares with 11 per cent for 1976.

The currency picture has also turned less favourable. In the

event the floating of the pound this autumn has proved nothing of a damp squib, and a trade-weighted basis sterling has only risen by just over 10 per cent since the start of the year. But export margins, under pressure, and as with domestic inflation, a price accounting effect has come into play.

Sterling higher

Companies which make their accounts at December were affected by average depreciation sterling of 16 per cent in 1976, but in 1977 sterling appreciated, notably against the dollar (by around 9 per cent). This change has had a major impact on the apparent profit growth achieved by overseas subsidiaries. And where companies allow the translation gains and losses on overseas current assets and liabilities to stray into earnings (example are ICI and Hoechst), the impact is still more drastic.

But at least this current effect should be stabilised during the course of next year as the more extreme exchange rate fluctuations of 1976 tend to distort the year-on-year comparisons.

All this makes for a bit of confusion about where company profits are going from here. There is more than a little uncertainty about where they are going. Many City forecasts have been slashed back in recent months and it now seems generally accepted that the part of 1978 will also be a year of profits growth of only 10 per cent. By the second half of 1978 a measure of optimism is being built back into the picture but given that the estimate have been so badly wrong about much nearer events, such forecasts cannot be taken too seriously at this stage. Plans a great deal depending on whether the U.K. economy reaches a year into the upturn which has been long expected but which has been painfully slow to develop.

Meanwhile a manufacturing sector which is only producing output at the rate achieved in 1972 is at least spared some cash commitments. With cheap, companies are expected to consider the merits of investing in stocks once again. They are even paying more of their tax in the form of a "Budget" Statement. A while ago demand remains slack, the "much forecast" the capital spending is being looked more than ever like a mirage.

A few words about Tokai Bank's expanding international operations.

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Garrard may shed 480 jobs

By David Churchill

THE GARRARD record-changer subsidiary of the Plessey Group may be forced to shed some 480 jobs early in the new year. The company blames the effects of Japanese imports of stereo record equipment. Plessey said yesterday that it had given 90-day protective notices to workers at the Garrard plant in Wiltshire, but that the final level of jobs lost would depend on the company's competitive position and talks with the unions on reducing overhead costs.

Successful

Plessey added that it was considering asking the Government to introduce curbs on Japanese imports of stereo equipment. This follows concern shown recently by other major consumer electronics manufacturers over Japanese penetration of the U.K. market.

That concern led Hitachi recently to shelve plans to set up colour television manufacture in the U.K. Garrard's problems have been compounded by a new product range which, while technically successful, has failed to achieve the predicted market share.

The company has also faced rising manufacturing costs, which have led to retail price rises and this has forced it to consider drastic cost-cutting measures.

U.K. TO-DAY

CLOUDY with rain. London, S.E., Kent, S. E., N.W., Midlands, N. Wales.

11mly rain at times, hill fogs. Channel Islands, S.W. England, S. Wales.

Cloudy, heavy showers, hill fogs. Lake District, Isle of Man, N.E. England, Borders, S.W. Scotland, N. Ireland.

Cloudy, perhaps rain later. Cloudy, rain in west. Some sunny spells. Max. 3-6C (39-43F).

BUSINESS CENTRES

City	Time	City	Time
Amsterdam	9.00	London	9.00
Antwerp	9.00	Manchester	9.00
Barcelona	9.00	Paris	9.00
Berlin	9.00	Rome	9.00
Bombay	9.00	Stockholm	9.00
Buenos Aires	9.00	Switzerland	9.00
Calcutta	9.00	Vienna	9.00
Canton	9.00	Zurich	9.00
Cebu	9.00		
Colon	9.00		
Hankow	9.00		
Hong Kong	9.00		
Kobe	9.00		
Lyons	9.00		
Manila	9.00		
Medan	9.00		
Osaka	9.00		
Shanghai	9.00		
Singapore	9.00		
Taipei	9.00		
Tokyo	9.00		
Yokohama	9.00		

HOLIDAY RESORTS

City	Time	City	Time
Amsterdam	9.00	London	9.00
Antwerp	9.00	Manchester	9.00
Barcelona	9.00	Paris	9.00
Berlin	9.00	Rome	9.00
Bombay	9.00	Stockholm	9.00
Buenos Aires	9.00	Switzerland	9.00
Calcutta	9.00	Vienna	9.00
Canton	9.00	Zurich	9.00
Cebu	9.00		
Colon	9.00		
Hankow	9.00		
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Taipei	9.00		
Tokyo	9.00		
Yokohama	9.00		

Steel changes tactics to save Lib-Lab pact

By Richard Evans, Lobby Editor

A SIGNIFICANT change of tactics by Mr. David Steel, the Liberal leader, makes it more probable that the Lib-Lab pact sustaining Mr. Callaghan's minority administration in office will continue until next summer rather than be ended prematurely in the new year.

Mr. Steel had hoped to keep his pact with the Prime Minister active until the end of the Parliamentary session in the autumn and possibly into the next session, but growing pressure from the rank and file as well as from Liberal MPs bare for a retreat.

The Liberal leader will now urge his party, tormented by doubts about the pact and electoral benefits to be derived from it, to honour it until the spring Budget in the hope that this will take account of Liberal policies including substantial cuts in direct taxation and an effective method of profit-sharing in industry.

Maintenance of the pact until the Budget would almost certainly mean supporting the Government until the summer recess at the end of July, as it would scarcely be logical or electorally appealing to pull the rug from under Mr. Callaghan before the Finance Bill implementing the Budget provisions had completed its passage through Parliament.

Although Mr. Steel will face vocal demands for immediate withdrawal from the pact at the special Liberal assembly called for January 21, his tactical retreat—and is implied threat to quit as leader if over-ruled—should be enough to gain him the breathing space he seeks.

A majority of Liberal MPs is in favour of a limited continuation of the pact so that an orderly withdrawal can be

maintained. The unthinkable prospect of another leadership contest is a probable election year should restrict a revolt against Mr. Steel by the more militant delegates.

Continuing Liberal support until the summer is all the Prime Minister needs to plan for an autumn election based on a fall in the inflation rate to below 10 per cent by next spring, substantial tax cuts in the Budget and an expansionist industrial policy.

The major question mark in Mr. Callaghan's calculations remains wage demands and the successful defence of the 10 per cent pay guidelines.

Concessions

The premature collapse of the nine-month-old pact would be serious for the Government but not immediately fatal. Mr. Callaghan would probably be able to maintain office for some weeks with the unreliable help of the Nationalists, because of their desire to see the devolution legislation enacted, and of the Ulster Unionists, who await electoral reform in Northern Ireland.

The unreliability of Nationalist support was underlined at the weekend by Mr. Douglas Henderson, Scottish National MP for East Aberdeenshire. He warned that the Government must not make the "easy assumption" that it could rely on SNP support unless there were further substantial concessions to strengthen the power of the Scottish Assembly.

The sharp divisions in the Liberal ranks over the pact also make inevitable a Conservative campaign in the New Year to exploit the strains between the Government and Liberal MPs.

When the Shadow Cabinet has the choice of debate in the new year resolutions will be chosen on issues such as defence cuts, pay curbs and agriculture in an attempt to force the 13 Liberals to oppose Government policy.

But Mr. Steel made clear at the weekend that he is determined to avoid a disorderly tearing up of an agreement. The Government has so far honoured because of electoral unpopularity and lack of nerve by the party rank and file.

Mr. Richard Wainwright, Liberal MP for Colne Valley and a critic of the pact, admitted on BBC radio yesterday that an immediate end to the pact was unlikely, but he regarded the Commons vote on proportional representation to the European Assembly as a strong warning to Liberals that they should get out of the agreement with the Government "pretty soon."

He was pleased that Mr. Steel was responding "constructively" to pressure from active Liberals for an early end to the pact and he saw no prospect of Mr. Steel quitting the leadership. The purpose of the special assembly was not to oust Mr. Steel but to warn him of party feelings.

Mr. Alan Beith, Liberal Chief Whip and a supporter of the pact, said Mr. Steel had made it clear that he intended to go to the assembly to argue for continuation of the pact until the Budget at least.

It would then be up to delegates to decide whether to support their leader. If they opted for a different strategy the inference in Mr. Steel's letter was that they would have to find a different leader.

Helicopter company claims 'hull rights' on burnt-out tanker

By Quintin Peel in Port Elizabeth and David Freud in London

A LEGAL WRANGLE arising from the complexities of international maritime salvage law is likely after the collision of two supertankers off the South African coast on Friday.

The helicopter company which landed a skeleton crew on one of the ships after rescuing several members of the crew from the burning deck claimed it had taken over the tanker as a "derelict hull."

While this does not represent a claim for full possession, as in the case of taking over an abandoned ship, salvagers of derelict hulls are entitled to exclusive possession until paid a reward by the owners.

The two 470,000 dwt sister tankers, Venetia and Venoli, were towed out to sea to minimise the danger of further pollution.

Port authorities believe the immediate danger of spill from the storage tankers of oil is past. Raging fires on both ships have been put out, and the empty Venetia was caught when drifting only three miles from the shore.

Negotiations

Two members of the Venoli's Chinese crew from Taiwan are missing, believed drowned. Anti-pollution vessels are treating a slick of diesel oil. There were protracted negotiations on Court Helicopters' claim to the Venoli as a derelict hull yesterday. Afterwards Mr. J. M. van Zyl, the chairman,

agreed to fly a nucleus of the Venoli's crew back to the tanker. He insisted after the talks that the company had perfect derelict hull rights resulting from the rescue and its other actions. The negotiations with the ship owners, Bethlehem Steel subsidiary Venoli Inc., and other interested parties will continue tomorrow.

Mr. John Kerr, chairman of Venoli, said that any claims would be settled "purely in accordance with Admiralty law," but it looked as if the legal process could take up to two years.

Also involved in the talks were the South African State oil exploration company, Soekor, whose service tugs were the first to take both stricken tankers in tow, and Saimarine, the party-owned shipping company which has been officially awarded the salvage contract.

The companies said order books were still weak, especially in areas such as chemicals and metal manufacturing. Companies at the heavier end of electrical engineering fared better. Times ahead, however, export order books were weak and stocks of finished goods were regarded as more than adequate.

Full details will be published by the CBI next month in its quarterly trends report, which will also include an assessment of trends elsewhere in Europe.

THE LEXELLING off in the number of companies telling the CBI that they planned to raise the average selling prices of their products continued at the beginning of this month, according to the CBI's monthly economic trends report published this morning.

Only half of more than 2,000 manufacturing companies which responded to the CBI's survey expected to raise their prices in the coming four months, with 48 per cent expected to keep them at the same level. The rest expected to reduce prices. This is broadly the same result as the survey reported last month when the balance of 49 per cent expected to raise prices was the lowest since

April 1972, and compares with 77 per cent last December.

But apart from this, the CBI survey, which was carried out between November 23 and December 14, indicates only a slow recovery in Britain's economy.

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